PRESS RELEASE

AREVA

Paris, September 19, 2005

First half 2005 financial results

- **Current operating income stable at 8.0% of sales revenue**
- **Operating income slightly down at €368M (6.8% of sales)**
  - **Nuclear: up by 5.9%**
  - **T&D: decrease due to increasing expenses of the optimization plan**
  - **Connectors: up by 22%, excluding non-recurring items**
- **Consolidated net income up slightly to €301M (+2.7%)**
- **High level of operating free cash flow[1] : €535M**
- **The cash position calculated according to IFRS indicates net debt of €416M as of June 30, 2005**

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The Supervisory Board of the AREVA group met today under the chairmanship of Frédéric Lemoine to examine the financial statements for the first half of 2005 provided by the Executive Board.

(in millions of euros)	**H1 2004 Reported**	**H1 2004 IFRS** (excl. IAS 32/39)	**H1 2005 IFRS** (incl. IAS 32/39)	**Change 05/04 IFRS**
Sales revenue	5 339	5 339	5 396	+1.1% **(+2.4% like for like[2])**
Current operating income	-	429	431	+0.4%
% of sales	-	*8.0%*	*8.0%*	-
Operating income	327	386	368	-4.7%
% of sales	*6.1%*	7.2%	*6.8%*	*-0.4 point*
Consolidated net income	243	293	301	+2.7%
Operating free cash flow[1]	706	738	535	-27.5%

	12/31/2004 Reported	**1/1/2005 IFRS**	**6/30/2005 IFRS**	
Net cash / (debt)[3]	689	(566)	(416)	-

[1] Operating free cash flow before income tax = EBITDA (excluding end-of-life-cycle obligations) + Change in operating WCR – Operating CAPEX. In accordance with the reporting system set up for 2004 annual results, the cash flows linked to end-of-life-cycle operations are presented separately. Therefore, operating cash flow for H1 2004 is €727M, versus €706M in reported data.

[2] like-for-like = at constant consolidation scope and exchange rates

[3] Net cash / (debt) IFRS = Cash and cash equivalents + Other current financial assets - Borrowings due in less than or more than one year. Shares classified as “Securities available for sale” (Total, Alcatel, SG, etc.) are now excluded from the adjusted net cash position calculation.

I – Overall performance (see appended financial statements)

Note 1: all financial data is expressed in IFRS, excluding IAS 32 and 39 for 2004 and including them for 2005.

Sales revenue up by 1.1% in reported data and by 2.4% like-for-like[4]

First half 2005 sales for the AREVA group rose to 5,396 million euros, up by 1.1% compared with the same period in 2004. Like-for-like, the group's sales rose by 2.4%[4]. The impact of exchange rate fluctuations for the group was close to -34 million euros. Detailed comments on the change in sales revenue are provided in the July 28, 2005 press release (available at www.areva.com).

Sales for the **Energy** business, at 4,754 million euros, were up by 1.7% compared with the first half of 2004, and up by 2.8% like-for-like. Nuclear power sales rose by 5.2% like-for-like, due in particular to the ramp-up of the EPR construction contract in Finland and to favorable timing of deliveries in *Front End* and *Reactors and Services* operations during the first half of 2005. Sales retreated by 2.1% like-for-like for the T&D division following the catch-up effect observed in the first half of 2004 after the division's integration into the group, but second quarter sales increased by 2.1% like-for-like. **Connectors** were up by 0.3% like-for-like, with *Automotive* and *Microconnections* performing well, while *Communication Data Consumer* business was down.

Operating income: nuclear improves while optimization of the T&D division continues

Operating income for the first half of 2005 settled at 368 million euros, down 4.7% from 386 million euros in the first half of 2004. The group's operating margin[5] was 6.8%, compared with 7.2% for the same period last year. Current operating income rose by 0.4% during the period to 431 million euros, representing 8% of sales revenue in 2005, as in 2004.

In **Energy**, operating income was 355 million euros, down by 2.3% in comparison to the 363 million euros of the first half of 2004. The operating margin[5] was 7.5%, compared with 7.8% in 2004.

- Nuclear contributed some 374 million euros, compared with 353 million euros in the first half of 2004, for an increase of 5.9%. Operating margin[5] for nuclear was thus 11.4%, compared with 11.2% in the first half of 2004. The increase results from the combined effect of the rise in uranium prices and favorable business timing in the *Front End* and *Reactors & Services* divisions in the first half of 2005.

- The *Transmission & Distribution* division had current operating income of 28 million euros in the first half of 2005, down slightly compared with the 34 million euros of the first half of 2004. The division still supports losses in *Systems* with low margin projects. The optimization plan starts to return positive effects and the other activities are improving their profitability. Expenses relating to the plan were up, at 47 million euros for the first half of 2005, compared with 24 million euros for the previous period. The division thus had an operating loss of 19 million euros in the first half of 2005, compared with income of 11 million euros in the first half of 2004.

- The *Connectors* businesses recorded 42 million euros in operating income for the period, compared with 46 million euros for the first half of 2004. Adjusted for the

[4] 2.6% reported during communication of H1 2005 sales figures and subsequently adjusted.

[5] Operating margin = Operating income / Sales revenue

positive effect of the 12 million euros settlement of a lawsuit, constituting a non-recurring item in 2004, operating income is up by 21.9%.

Consolidated net income up slightly

Consolidated net income for the first half of 2005 was 301 million euros, up by 2.7% in comparison to the 293 million euros of the first half of 2004.

- Net financial income was 15 million euros, compared with 32 million euros for the same period in 2004. This change comes primarily from lower interest rates, which had an unfavorable effect on the group's cash investment, and from less favorable net financial income related to end-of-life-cycle obligations than in 2004. In 2004, the financial markets recovered and the group was able to recapture significant provisions for write-down of the securities related to end-of-life-cycle dedicated portfolio.

- The share in net income of equity affiliates rose sharply to 86 million euros for the first half of 2005 from 42 million euros for the first half of 2004. This improvement is the result of Eramet's good financial performance, despite STMicroelectronics declining performance.

A high level of operating cash flow in H1 2005

Note 2: In accordance with the reporting system set up for 2004 annual results, the cash flows linked to end-of-life-cycle operations are presented separately, considering the significant changes implemented in 2004 on operating cash flow.

The group's EBITDA[6] for the first half of 2005 was stable compared with the first half of 2004, at 587 million euros or 11% of sales. The change in operating working capital requirement contributes 147 million euros to cash, well below the contribution recorded for the first half of 2004 (+351 million euros), when large customer advances were received in the *Back End* division. Net capital expenditure was 202 million euros, compared with 204 million in the first half of 2004, and includes the sale of *T&D* division assets for 23 million euros.

Including these items, the group's operating free cash flow[7] in the first half of 2005 was 535 million euros, compared with 738 million euros in the first half of 2004, and continues to be high.

- Operating free cash flow in the nuclear businesses was 671 million euros in the first half of 2005, compared with 838 million euros in the first half of 2004, when it reached a particularly high level. The drop is primarily related to the lesser contribution of changes in working capital requirement (WCR), with the *Back End* division receiving lower customer prepayments than in 2004; nevertheless the change in WCR was still positive in the first half of 2005. In addition, net operating CAPEX rose by 143 million euros to a total of 174 million euros in the first half of 2005. This increase results from the ramp-up of capital expenditures in the mining and enrichment (Georges Besse II project) businesses, and from the expansion of the Chalon equipment plant (France) to support the revival of nuclear power plant projects.

- The *Transmission & Distribution* division had negative operating free cash flow of 73 million euros in the first half of 2005, i.e. 28 million euros more negative than in the first half of 2004. The change in working capital requirement is a negative 98 million euros compared with December 2004, related to the very low point of WCR

[6] EBITDA is understood as operating income before depreciation, depletion, amortization and provisions (including recaptures).

[7] Operating free cash flow before income tax = EBITDA (excluding end-of-life-cycle obligations) + Change in operating WCR – Operating CAPEX

hit at the end of December 2004 and the business increase in the second quarter of 2005.

- For the period, *Connectors* had positive operating free cash flow of 7 million euros, down in comparison to the 21 million euros of the first half of 2004, which included 12 million euros received as a settlement for an intellectual property lawsuit. Adjusted for this item, operating free cash flow has retreated slightly, with an increase in the working capital requirement for the *CDC* business, expected to partly reverse in the second half.

The flows related to end-of-life-cycle obligations were -89 million euros in the first half of 2005 due to the payment in early 2005 of the second half of the lump sum payment of 427 million euros pertaining to agreements signed with the CEA in December 2004 (see below). The 2005 payment was only partially offset by sales of securities earmarked to end-of-life-cycle fund and dividends received from the earmarked financial asset portfolio.

Changes in net financial assets contributed 79 million euros to cash and were marked by the sale of the New Zealand services businesses of the *Transmission & Distribution* division and the acquisition of nuclear services companies in Germany and Sweden.

A total of 419 million euros was paid in dividends for 2004, including 79 million euros paid to minority shareholders of the subsidiaries.

In all, net cash increased by 150 million euros in the first half of 2005.

Balance sheet: sound financial structure maintained

- **Impact of IAS 32 and 39 adoption on the group's financial statements**

  AREVA began applying International Accounting Standards 32 and 39 on January 1, 2005. The new standards had three major impacts:

  - Financial assets (end-of-life-cycle dedicated portfolio, non-consolidated stakes, UCITS, etc.) are valued at their fair value (revaluation of about 443 million euros as of January 1, 2005). The corresponding entry for the revaluation was recorded in shareholders' equity.

  - Shares that were recorded as marketable securities are now transferred to "Securities available for sale" and are no longer included in the net cash calculation.

  - The fair value of put options that may be exercised by minority shareholders of the group's consolidated companies (Siemens, minority shareholder of Framatome ANP, and, to a much lesser extent, Synatom, minority shareholder of Eurodif) is recognized as a liability (931 million euros). To offset this liability, the Siemens and Synatom minority interests (375 million euros) are eliminated. The difference between the fair value of put options and the value of minority interests eliminated (556 million euros) was added to goodwill.

- **Assets and provisions for end-of-life-cycle obligations**

  The impact of the transition to International Financial Reporting Standards (IFRS) on assets and provisions related to end-of-life-cycle obligations was presented on March 22, 2005[8]. For the record, it primarily involved the discounting of provisions for end-of-life-cycle obligations and the corresponding assets. The IFRS balance sheet now allows the provisions tied to end-of-life-cycle obligations (4,431 million

[8] IFRS presentation of 3/22/2005 available at **www.areva.com** and detailed in paragraph 5.1.9 of the 2004 annual report.

euros, of which 2,371 million euros are to be funded by AREVA) to be easily compared with the assets relating to these provisions: “End-of-life-cycle assets, third party share” (2,060 million euros) and “Assets earmarked for end-of-life-cycle obligations” at market value (2,503 million euros).

The funding/liability ratio, balanced as of December 31, 2004, shows a slight surplus in funding as of June 30, 2005 (€2,503M in assets against €2,371M in provisions to be funded by AREVA; see Attachment 2) due to the good financial performance of the earmarked portfolio over the period.

- **Net cash position**

Adoption of IFRS rules involved modifying the definition of net cash position in relation to the net cash position reported at December 31, 2004 (689 million euros):

- Exclusion of shares previously classified as marketable securities, now classified as non-current assets in the “Securities available for sale” category (-€353M);
- Integration of the valuation of the put option of minority interests, now recorded as a liability (-€931M);
- Valuation of interest rate instruments, and other reclassifications (+€29M);

giving net debt at the beginning of the year (January 1, 2005) of 566 million euros[9]. From now on, cash/net debt under IFRS meets the following definition: “Cash and cash equivalents” + “Other current financial assets” – “Borrowings due in less than or more than one year” in the strict sense of the IFRS (see Attachment 2).

The change in net cash of +150 million euros in the first half of 2005, described previously, results in a net debt of 416 million euros at June 30, 2005.

II - Outlook

For the full year 2005, the group aims to:

- An increase in sales revenue, like for like;
- Steady current operating income;
- A rise in net income, which will include the capital gain on the sale of FCI.

In nuclear, the group expects operating income to settle at a high level and an increase in capital spending in the *Front End* and in *Reactors and Services*.

In *Transmission & Distribution*, current operating income for the full year should increase, and restructuring expenses are expected to be up sharply compared with those recorded in 2004 (142 million euros) as deployment of the optimization plan continues.

[9] 689 – 353 – 931 + 29 = - 566

III – Performance by business division (See Attachment 5)

Note 3: Detailed comments on the change in sales revenue are provided in the July 28, 2005 press release (available at www.areva.com).

Front End division

In millions of euros	H1 2004 Reported	H1 2004 IFRS	H1 2005 IFRS	Change 05/04 IFRS
Sales revenue	1 179	1 179	1 250	+6.0% **(+8.8% like-for-like)**
Operating income *% of sales*	157 *13.3%*	183 *15.5%*	207 *16.6%*	+13.1% *+1.1 point*
Operating free cash flow[10]	109	109	140	+28.4%

The *Front End* division had sales revenue of 1,250 million euros in the first half of 2005, compared with 1,179 million euros in the first half of 2004, for an increase of 6.0% (+8.8% like-for-like).

Operating income for the *Front End* division was of 207 million euros, compared with 183 million in 2004. This increase is the result of:

- The favorable trend in uranium prices and the one-time effect of the revaluation of inventories held for trading (IAS 32-39);
- The positive effect of the timing of fuel deliveries in the first half of 2005;
- An increase in *Enrichment* production costs due to the hike in electricity rates;
- Less favorable conditions for foreign exchange hedges in the first half of 2005 than for the same period in 2004.

Operating free cash flow in the *Front End* is marked by an unfavorable change in working capital requirement, though less so than in 2004. Capital expenditures for the division are ramping up for mining operations and for the Georges Besse II enrichment project.

For the full year 2005, the group expects like-for-like growth in sales revenue for the Front End division compared with 2004, mainly attributable to mining operations. The favorable timing effect on first half 2005 income should even out over the year.

Reactors and Services division

In millions of euros	H1 2004 Reported	H1 2004 IFRS	H1 2005 IFRS	Change 05/04 IFRS
Sales revenue	959	959	1 039	+8.3% **(+10.3% like-for-like)**
Operating income *% of sales*	16 *1.7%*	25 *2.6%*	32 *3.1%*	+29.6% *+0.5 point*
Operating free cash flow[10]	113	115	181	+57.4%

[10] Operating free cash flow before income tax = EBITDA (excluding end-of-life-cycle obligations) + change in operating WCR – Operating CAPEX. In accordance with the reporting system set up for 2004 annual results, the cash flows linked to end-of-life-cycle operations are presented separately.

The *Reactors & Services* division had first half 2005 sales revenue of 1,039 million euros, compared with 961 million euros in the first half of 2004, for an increase of 8.3% (+11.3% like-for-like).

Operating income for the *Reactors & Services* division rose to 32 million euros in the first half of 2005, compared with 25 million euros in 2004. The seasonality of the *Nuclear Services* business was particularly favorable in the first half of 2005, attenuating the hike in expenses for marketing and sales and research and development brought on by the major business development effort in China and the start of the licensing process for the EPR in the United States. In addition, the division is no longer affected by the losses of the "Mechanical Engineering" business, which was restructured in 2004.

Operating free cash flow was up by 66 million euros due to the one-time favorable contribution of prepayments received for projects.

For the entire year, the division's sales revenue is expected to rise above that of 2004 as projects in the *Reactors* business ramp up.

Back End division

In millions of euros	**H1 2004 Reported**	**H1 2004 IFRS**	**H1 2005 IFRS**	**Change 05/04 IFRS**
Sales revenue	1 004	1 004	991	-1.3% **(-3.4% like-for-like)**
Operating income *% of sales*	108 *10.7%*	145 *14.5%*	134 *13.6%*	-7.6% *-0.9 point*
Operating free cash flow[10]	588[11]	614	350	-43.0%

The *Back End* division had sales revenue of 991 million euros in the first half of 2005, down from 1,004 million euros in the first half of 2004, for a decrease of 1.3% (-3.4% like-for-like).

Operating income for the *Back End* division was 134 million euros, compared with 145 million in 2004. The difference takes into account the end of a technical support contract in Japan in April 2004, partially offset by:

- An improved contract mix in the first half,
- A sharp rise in production at the Melox plant,
- The 10-years extension of the La Hague and Melox facilities depreciation period.

The drop in operating free cash flow is tied exclusively to lower customer prepayments over the period.

For the full year 2005, the group expects stable like-for-like sales revenue in the *Back End* division.

[11] In accordance with the reporting system set up for 2004 annual results, the cash flows linked to end-of-life-cycle operations are presented separately. Therefore, Back End division operating cash flow for H1 2004 is €606M, versus €588M in reported data.

Transmission & Distribution division

In millions of euros	**H1 2004 Reported**	**H1 2004 IFRS**	**H1 2005 IFRS**	**Change 05/04 IFRS**
Sales revenue	1 533	1 533	1 473	-3,9% **(-2.1% like-for-like)**
Current operating income *% of sales* Operating income	30[12] *2.0%* 30	34 *2.2%* 11	28 *1.9%* (19)	-17,6% *-0.3 point* na
Operating free cash flow[10]	(45)	(45)	(73)	-62.0%

The *Transmission & Distribution* division had first half 2005 sales revenue of 1,473 million euros, compared with 1,533 million euros in the first half of 2004. This 3.9% drop (-2.1% like-for-like) is related to the catch-up effect observed in the first half of 2004 after the division's integration into the group.

Current operating income for the *Transmission & Distribution* division was 28 million euros in the first half of 2005, down slightly from 34 million euros in the first half of 2004.

- Profitability of the *Systems* business was still burdened by remaining low-margin projects.

- Current operating income for *Products, Automation* and *Services* businesses was positive and increasing despite the hike in raw materials prices (€24M) and the continuing decline in prices, typical of this highly competitive market. These effects were offset by volume growth and by the optimization plan initial results (efforts in favor of productivity, cost reductions and the streamlining of purchasing), although facility restructuring has as yet had a very limited impact.

The division's operating loss of 19 million euros includes restructuring expenses totaling 47 million euros in the first half of 2005, compared with 24 million euros in the first half of 2004.

Operating free cash flow was down by 28 million euros reflecting the rise in working capital requirement. Action was taken to minimize this development over the rest of the year. Net capital expenditure rose to 1 million euros, with 24 million euros of gross capital expenditure and the sale of assets in Australia and Germany in the first half of 2005 (23 million euros).

For the year 2005, the group expects stable sales, like-for-like, and a drop in reported data due to the sale of telecom businesses in Australia and New Zealand and to the consolidation of Alstom India, as the group acquired 67% of it in August 2005.

Connectors division

In millions of euros	**H1 2004 Reported**	**H1 2004 IFRS**	**H1 2005 IFRS**	**Change 05/04 IFRS**
Sales revenue	653	653	638	-2.4% **(+0.3% like-for-like)**
Operating income *% of sales*	45 *6.9%*	46 *7.1%*	42 *6.5%*	-9.7% *-0.6 point*
Operating Free cash flow[10]	22	21	7	-64.9%

[12] Operating income before restructuring in French GAAP.

The *Connectors* division recorded first half 2005 sales revenue of 638 million euros, compared with 653 million euros in the first half of 2004, a 2.4% drop in reported data. Like-for-like, the division's sales were stable, with growth of 0.3%.

Operating income for the *Connectors* division settled at 42 million euros in the first half of 2005, compared with 46 million euros in the first half of 2004. Adjusted for the non-recurring income of 12 million euros recorded for the settlement of an intellectual property lawsuit in 2004, the division's operating income was up by 21.9% mainly as the cost reduction plan continues. The *Automotive*, *Electrical Power Interconnect* and *Microconnections* businesses saw growing volumes.

The drop in operating free cash flow is primarily the result of an increase in the working capital requirement for the *CDC* business, expected to partly reverse in the second half. EBITDA for the division is slightly up, at 51 million euros, excluding the effect of the settlement of the intellectual property lawsuit received in the first half of 2004. Net capital expenditure is stable at 27 million euros.

Upcoming events and publications

- September 20, 2005 – 15:30 CET Telephone conference on H1 2005 results (rebroadcast on ***www.areva.com****)*
- October 28, 2005 – 17:45 CET: Press release – Q3 2005 sales figures
- January 31, 2006 – 17:45 CET: Press release – Annual 2005 sales figures
- March 1, 2006: Press release – Annual 2005 results
- March 1, 2006: 2005 annual results presentation

Profile

With manufacturing facilities in over 40 countries and a sales network in over 100, AREVA offers customers technological solutions for nuclear power generation and electricity transmission and distribution.

The group also provides interconnect systems to the telecommunications, computer and automotive markets.

These businesses engage AREVA's 70,000 employees in the 21st century's greatest challenges: making energy and communication resources available to all, protecting the planet, and acting responsibly towards future generations.

For more information: www.areva.com

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Attachment 1: Income statement

in millions of euros	**H1 2005 IFRS**	**H1 2004 IFRS***	**H1 2004 rep.**	**2004 IFRS***
Sales revenue	**5,396**	**5,339**	**5,339**	**11,109**
Other income from operations	2	6		8
Cost of sales	-4,071	-4,027	-3,988	-8,494
Gross margin	**1,327**	**1,318**	**1,351**	**2,623**
Research and development expenses	-191	-184	-184	-402
Sales and marketing expenses	-285	-294	-294	-602
General and administrative expenses	-406	-399	-399	-787
Other operating income and expenses	-14	-12	-148	-11
Current operating income	**431**	**429**		**821**
Goodwill impairment losses				-9
Restructuring and CATS-CASA early retirement costs	-64	-44		-210
Other non-current income and expenses	1	1		38
Operating income	**368**	**386**	**327**	**640**
Income from cash and cash equivalents	20	35		48
Gross borrowing costs	-15	-24		-30
Net borrowing costs	5	11		18
Other financial income and expenses	10	21		-36
Financial income	**15**	**32**	**104**	**-18**
Earnings of consolidated companies			**431**	
Exceptional items			2	
Income tax	-115	-103	-107	-160
Net income of consolidated businesses	**268**	**315**	**326**	**462**
Share in net income of equity affiliates	86	42	44	128
Income on sale of business	-2			
Goodwill amortization			-76	
Net income before minority interests	**352**	**357**	**294**	**590**
Minority interests in subsidiaries' earnings	-52	-64	-51	-139
Consolidated net income	**301**	**293**	**243**	**451**

* : adjusted data per IFRS excluding IAS 32 and 39

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Attachment 2: Summary balance sheet

in millions of euros	6/30/2005	1/1/2005 IFRS**	12/31/2004 IFRS*
ASSETS			
Non-current assets	**14,283**	**13,893**	**12,573**
Goodwill, net of consolidated companies	2,227	2,206	1,648
Intangible assets	650	597	596
Tangible assets	3,842	3,864	3,865
Including: End-of-life-cycle assets (AREVA share)	*153*	*162*	*162*
End-of-life-cycle assets (third party share)	2,060	2,015	2,015
Assets earmarked for end-of-life-cycle obligations	2,503	2,398	2,281
Equity affiliates	1,399	1,313	1,335
Other non-current financial assets	1,590	1,490	823
Pension fund assets	12	10	10
Current assets	**446**	**194**	**506**
Working capital requirement (WCR)	-1,088	-1,123	-1,133
Cash and cash equivalents	1,262	1,054	1,054
Other current financial assets	272	263	585
Total assets	**14,729**	**14,088**	**13,079**

in millions of euros	6/30/2005	1/1/2005 IFRS**	12/31/2004 IFRS*
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity and minority interests	**5,665**	**5,299**	**5,310**
Share capital	1,347	1,347	1,347
Consolidated premiums and reserves	2,905	2,788	2,844
Underlying deferred gains and losses	695	420	0
Currency translation reserves	56	-78	-78
Consolidated net income	301	451	451
Minority interests	362	371	746
Non-current liabilities	**7,536**	**7,262**	**6,325**
Employee benefits	1,143	1,031	1,032
Provisions for end-of-life-cycle obligations - third party share	2,060	2,015	2,015
Provisions for end-of-life-cycle obligations - AREVA share	2,371	2,317	2,317
Other non-current provisions	75	66	140
Borrowings due after one year	1,657	1,661	744
Deferred tax liabilities (liabilities - assets)	230	172	77
Current liabilities	**1,529**	**1,527**	**1,444**
Current provisions	1,236	1,305	1,245
Borrowings due within one year	293	222	199
Total liabilities and shareholders' equity	**14,729**	**14,088**	**13,079**
Net cash under IFRS	**-416**	**-566**	

* : adjusted data per IFRS, excluding IAS 32 and 39
** : adjusted data per IFRS, including IAS 32 and 39
The summary balance sheet offsets assets and liabilities that make up the working capital requirement and deferred tax. This will not be the case for the balance sheet to be published in the half-year 2005 financial statements.

Attachment 3: Cash flow statement

in millions of euros	H1 2005	H1 2004 IFRS*	2004 IFRS*
Consolidated net income	**301**	**293**	**451**
Minority interests	52	64	139
Net income before minority interests	352	357	590
Loss (income) of equity affiliates, net of dividends	-58	-17	-101
Net amortization, depreciation and provisions for non-current assets and marketable securities maturing in more than 3 months (1)	270	245	516
Net goodwill amortization			9
Net provision for contingencies and losses (1)	-82	-131	-500
Net effect of discounting reversals for assets and provisions (1)	81	73	151
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than three months, change in fair value	-46	-27	-99
Other non-cash items	73		20
Cash flow from operations	**590**	**500**	**585**
Change in working capital requirement	-42	444	**353**
Cash from operating activities	**545**	**944**	**938**
Investment in tangible and intangible assets	-239	-218	-519
Investment in long-term notes and investments	-60	-844	-1431
Disposals of tangible and intangible assets	36	15	105
Disposals of long-term notes and investments	324	61	692
Cash from (used for) investing activities	**64**	**-986**	**-1153**
Dividends paid	-419	-278	-285
Increase (decrease) in borrowings	-10	19	12
Cash from (used for) financing activities	**-429**	**-259**	**-273**
Decrease (increase) in marketable securities maturing in less than 3 months	-4	24	133
Foreign exchange adjustments	-17	-2	16
Increase (decrease) in net cash	**159**	**-279**	**-339**
Cash at the beginning of the year	**945**	**1 284**	**1 284**
Closing cash	1 262	1157	1 054
Reclassification of current accounts	-20		-11
Less bank credit balances	-138	-152	-98
Cash at the end of the year	**1 104**	**1 005**	**945**

* : adjusted data per IFRS, excluding IAS 32 and 39

(1) The effect of discounting reversals is henceforth presented on a separate line in the cash flow statement. As a result, the amounts in the amortization, depreciation and provisions accounts for 2004 are different from those published in the 2004 annual report.

Attachment 4: Adjusted cash flow statement

in millions of euros	**H1 2005 IFRS**	**H1 2004 IFRS***
EBITDA (excluding cash flows linked to end-of-life-cycle obligations)	**587**	**588**
% of sales	*10,9%*	*11,0%*
Change in operating WCR	147	351
Net operating CAPEX	-202	-204
Gains on disposals	4	4
Operating free cash flow	**535**	**738**
Cash flow linked to end-of-life-cycle obligations	-89	n.a.**
Scope changes cash flows	79	n.a.**
Dividends paid	-419	n.a.**
Other (income tax, non-operating WCR, etc.)	44	n.a.**
Increase (decrease) in net cash	**150**	n.a.**
Net cash (debt) per IFRS	**-416**	n.a.**

* : adjusted data per IFRS, excluding IAS 32 and 39

** In light of the change in the definition of net cash (debt) pursuant to the application of the IFRS (including IAS 32 and 39), data for items below operating cash flow on the cash flow statement are not available for the first half of 2004. However, they will be provided for the full accounting year.

Definitions

EBITDA: EBITDA is equal to operating income plus net amortization, depreciation and operating provisions (except for provisions for depreciation of current asset items).

EBITDA, excluding end-of-life-cycle obligations; EBITDA is adjusted so as to exclude the cost of nuclear facility end-of-life-cycle obligations (dismantling, waste retrieval and packaging) met during the year, as well as, for 2004, the full and final payments paid or to be paid to third parties for facility decommissioning. In accordance with the reporting system set up for 2004 annual results, the cash flows linked to end-of-life-cycle operations are presented separately.

Cash flows for end-of-life-cycle obligations this indicator encompass all of the cash flows linked to end-of-life-cycle obligations and to assets earmarked to cover those obligations. It is equal to the sum of the following items:

- income from the portfolio of earmarked assets,
- cash from the sale of earmarked assets,
- minus acquisitions of earmarked assets,
- minus expenses relating to end-of-life-cycle obligations made during the year,
- full and final payments received for facility decommissioning,
- minus full and final payments paid for facility decommissioning.

Operating free cash flow before tax: represents the cash flow generated by operating activities. It is equal to the sum of the following items:

- EBITDA, excluding decommissioning obligations;
- plus losses or minus gains on sales of tangible and intangible assets included in operating income;
- plus the decrease or minus the increase in operating working capital requirement between the beginning and the end of the year (excluding reclassifications, currency translation adjustments and changes in consolidation scope);
- minus acquisitions of tangible and intangible assets, net of changes in asset accounts related to fixed assets;
- plus sales of tangible and intangible assets including in operating income, net of changes in receivables on the sale of fixed assets;
- plus customer prepayments on fixed assets received during the year.

Adjusted net cash position: This heading includes cash balances, financial current accounts, securities available for sale, and other current financial assets, after deduction of borrowings due in less than or more than one year, which include interest-bearing advances received from customers and put options of minority shareholders. Shares classified as “Shares available for sale” are now excluded from the adjusted net cash position calculation.

Attachment 5: Data by division

H1 2005

in millions of euros	Front End	Reactors & Services	Back End	Transmission & Distribution	Connectors	Holding and other activities and eliminations	**Total**
Contribution to consolidated sales revenue	1 250	1039	991	1 473	638	5	**5 396**
Operating income	207	32	134	-19	42	-29	**367**
% of sales	16,6%	3,1%	13,5%	-1,3%	6,6%	n.s.	**6,8%**
EBITDA*	244	32	259	24	51	-22	**587**
% of sales	19,5%	3,1%	26,1%	1,6%	8,0%	n.a	**10,9%**
Change in operating WCR	-10	207	115	-98	-19	-48	**147**
Net operating CAPEX	-94	-56	-24	1	-27	-2	**-202**
Operating FCF before tax	140	181	350	-73	7	-71	**535**

* excluding decommissioning. The data reported in 2004 corresponded to EBITDA that included cash flows related to decommissioning obligations.

H1 2004 IFRS excluding IAS 32-39

in millions of euros	Front End	Reactors & Services	Back End	Transmission & Distribution	Connectors	Holding and other activities and eliminations	**Total**
Contribution to consolidated sales revenue	1 179	959	1 004	1 533	653	10	**5 339**
Operating income	183	25	144	11	46	-24	**386**
% of sales	15,5%	2,6%	14,3%	0,7%	7,0%	n.a.	**7,2%**
EBITDA	241	58	251	0	59	-20	**588**
% of sales	20,4%	6,0%	25,0%	0,0%	9,0%	n.a.	**11,0%**
Change in operating WCR	-53	85	396	-24	-6	-48	**350**
Net operating CAPEX	-79	-27	-37	-22	-33	-6	**-204**
Operating FCF before tax	109	115	614	-45	21	-75	**738**