PRESS
RELEASE

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First half 2008 financial results

Strong income growth

2008 First half net income above that of the entire year for 2007

- ***Operating income: 539 million euros***
- ***Net income attributable to equity holders of the parent: up 465 million euros to 760 million euros, i.e. 21.45 euros per share***
- ***Net debt of 2.385 billion euros[1], i.e. 30.1% of equity (26.2% at 12/31/2007)***
- ***For 2008 as a whole, the group confirms its outlook for a sharp increase in backlog and in revenue and rising operating income***

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I – Consolidated performance

In millions of euros	**H1 2008**	**H1 2007**	**Change 08/07**
Backlog (at June 30)	38 123	33 553	13.6%
Reported revenue	6 168	5 373	14,8%
Operating income	539	207	+332 M€
Operating margin (in %)	8.7%	3.9%	+4.8 pts
Net income attributable to equity holders of the parent	760	295	+465 M€
Earnings per share	21.45€	8.31€	+13.14€
Free operating cash flow before tax	(521)	(513)	- 1.5%
	06/30/08	**12/31/07**	**Change 08/07**
Net debt, excluding put options held by minority interests	2 385	1 953	+ 22%

▶ Backlog up 13.6%

The backlog rose to 38.123 billion euros at June 30, 2008, up 13.6% compared with the 33.553 billion euros recognized at June 30, 2007. In Nuclear, contributors to growth were the **Reactors and Services** division (+36%) and the **Front End** division (+11%). The **Transmission & Distribution** division posted growth of 41%.

▶ Revenue growth of 14.8%

First half 2008 revenue rose to 6.168 billion euros, for 14.8% reported growth and 16.0% organic growth[2]. In the nuclear businesses, organic growth was 18.6%, including 31.3% growth in **Reactors and Services** as new power plant construction projects moved forward and 12.0% growth in **Transmission & Distribution** business.

Note: AREVA's backlog and sales revenue are reviewed in detail in the press release published on July 24, 2008.

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[1] Excluding put options held by minority interests
[2] At constant consolidation scope, accounting methods and exchange rates

Operating income up 332 million euros

The group's operating income rose to 539 million euros in the first half of 2008, for a margin rate of 8.7%, compared with 207 million euros in the first half of 2007 and a margin rate of 3.9%. This 332 million euro increase includes:

- the strong volume increase in our commercial and industrial operations and the positive impact this had on profitability for all of our divisions;
- a substantial operational gain in the **Front End** division, including a significant dilution gain related to acquisition by Suez of an equity interest in the GB II enrichment plant;
- an additional provision on the OL3 contract, made necessary by:
  - cost overruns generated by the use of additional resources needed to meet the schedule and offset the customer's operating practices; and
  - the difficulties and risks on operations managed by some subcontractors.

Division-by-division highlights are provided hereunder.

- **Operating income for the Back End division rose to 400 million euros**, an increase of 177 million euros compared with the first half of 2007. A sharp rise in sales for the Enrichment and Fuel business units and the positive impact of the transaction concluded with Suez in the enrichment business drove the division's income growth.

- **The Reactors and Services division had an operating loss of 258 million euros**, compared with a loss of 230 million euros in the first half of 2007. Performance was particularly strong in engineering and services but the division was penalized by additional provisions recorded on the OL3 contract. In the field, additional resources were mobilized to cross a new threshold on June 30 and begin installation operations. The Finnish safety authority expressed its satisfaction with AREVA. We are seeing a new interface management process emerge between the customer and the consortium: at TVO, a new OL3 project manager was appointed and the management organizations of the consortium and of TVO came to an agreement on some 50 measures to accelerate the project. At the same time, AREVA confirmed its determination to exercise its rights and launched a first arbitration proceeding.

- **The Back End division recorded operating income of 175 million euros up from 95 million euros in the first half of 2007**. The change is due to the conjunction of several favorable factors: a favorable rate of production at La Hague in the first half of 2008 compared with the first half of 2007, marked by production delays; a particularly favorable customer mix in MOX fuel; and appreciable improvement in the *Logistics* business unit's profitability. For the year as a whole, business levels and the operating margin rate are expected to remain stable compared with 2007.

- **Operating income for the Transmission and Distribution division was up sharply, by 45%, from 175 million euros in the first half of 2007 to 253 million euros in the first half of 2008**. The operating margin rate, which has risen continually for the past nine half-year periods, exceeded the 10% threshold for the first time, reaching 11.1% of revenue for growth of 2.4 points compared with the first half of 2007. Successful execution of orders in backlog together with the positive impact of optimization plans contributed to the improved results.

Consolidated net income up 465 million euros

The group's consolidated net income rose to 760 million euros in the first half of 2008, up 465 million euros from the 295 million euros of the first half of 2007.

- Net financial income rose 95 million euros over the period, to 213 million euros. This figure includes the balance of the gain from the sale of AREVA's share in REpower.
- The share in net income of associates totaled 121 million euros in the first half of 2008, compared with 34 million euros in the fist half of 2007. The increase is attributable to the reduction of STMicroelectronics' losses and to strong income growth for Eramet.

Free operating cash flow at -521 million euros

The group's free operating cash flow came to -521 million euros in the first half of 2008. Three factors explain this result:

- 91% growth in EBITDA, to 863 million euros, with all divisions contributing;
- Use of 739 million euros in cash, particularly as a result of the reconstitution of uranium and SWU inventories in the **Front End** division and the increase in working capital requirement in the **T&D** division, in line with business growth;
- Operating Capex, net of disposals was 455 million euros in the first half of 2008, given the cash contribution arising from the acquisition of an equity interest in GB II by Suez.

Net debt of 2.385 billion euros

The group's net debt rose to 2.385[1] billion euros from 1.953[1] billion euros at the end of 2007. The increase in net debt is attributable to the change in free operating cash flow, while the payment of dividends in the amount of 319 million euros was more than offset by the sale of REpower shares. After put options held by minority interests, net debt of 4.459 billion was reported, compared with 4.003 billion at the end of 2007.
These amounts should be compared with equity of 7.916 billion at June 30, 2008, compared with 7.464 billion at year-end 2007.

II - Outlook

For the full year of 2008, the group confirms its perspectives:

- A strong increase in revenue and backlog;
- Increased operating income;
- Continuation of its capital expenditure program.

[1] Excluding put options held by minority interests

The presentation of AREVA's annual results will be available live on the Internet.

- To access the webcast, please click on the following links:
  French version: http://webcast.areva.com/20080829/resultats_1er_semestre_2008/
  English version: http://webcast.areva.com/20080829/2008_first_half_results/

Upcoming events and publications

- October 23, 2008 – 17:45 (CET): Press release – Third quarter 2008 revenue and related information

About us

With manufacturing facilities in 43 countries and a sales network in more than 100, AREVA offers customers reliable technological solutions for CO_2-free power generation and electricity transmission and distribution. We are the world leader in nuclear power and the only company to cover all industrial activities in this field. Our 71,000 employees are committed to continuous improvement on a daily basis, making sustainable development the focal point of the group's industrial strategy. AREVA's businesses help meet the 21st century's greatest challenges: making energy available to all, protecting the planet, and acting responsibly towards future generations.
www.areva.com

Appendix 1: Income statement

In millions of euros	**H1 2008**	**H1 2007**	**2007**
Revenue	**6 168**	**5 373**	**11 923**
Other income from operations	18	12	21
Cost of sales	(4 905)	(4 301)	(9 183)
Gross margin	**1 281**	**1 084**	**2 762**
Research and development expenses	(205)	(197)	(421)
Marketing and sales expenses	(287)	(252)	(529)
General and administrative expenses	(468)	(424)	(881)
Other operating income and expenses	219	(3)	(179)
Operating income	**539**	**207**	**751**
Income from cash and cash equivalents	13	20	37
Gross borrowing costs	(89)	(32)	(110)
Net borrowing costs	**(76)**	**(12)**	**(73)**
Other financial income and expenses	289	130	138
Net financial income	**213**	**118**	**64**
Income tax	(74)	(53)	(81)
Net income of consolidated businesses	**678**	**273**	**734**
Share in net income of equity associates	121	34	148
Net income from continuing operations	**799**	**306**	**882**
Minority interests	38	12	139
Net income attributable to equity holders of the parent	**760**	**295**	**743**
Average number of shares outstanding	35 442 701	35 442 701	35 442 701
Basic earnings per share	**21.45**	**8.31**	**20.95**

Appendix 2 – Consolidated Cash Flow Statement

In millions of euros	H1 2008	H1 2007	2007
Cash flow from operations before interest and taxes	694	466	1 294
Net interest received and taxes paid	(188)	(66)	(156)
Cash flow from operations after interest and tax	**506**	**400**	**1 138**
Change in working capital requirement	(733)	(454)	(416)
Net cash from operating activities	**(226)**	**(54)**	**722**
Net cash used in investing activities	**(162)**	**(379)**	**(2 796)**
Net cash used in financing activities	**312**	**(200)**	**1 522**
Decrease (increase) in marketable securities maturing in more than 3 mo	7	179	178
Impact of foreign exchange movements	(1)	5	(7)
Net cash from discontinued operations	-	-	-
Increase / (decrease) in net cash	**(70)**	**(450)**	**(381)**
Cash at the beginning of the period	520	901	901
Net cash at the end of the year	**450**	**451**	**520**

Appendix 3 – Simplified balance sheet[3]

In millions of euros	June 30, 2008	December 31, 2007
ASSETS		
Goodwill	4 461	4 377
Property, plant and equipment (PP&E) and intangible assets	7 137	6 933
Assets earmarked for end-of-life-cycle operations	5 004	5 364
Equity associates	1 661	1 558
Other non-current financial assets	2 476	2 588
LIABILITIES AND EQUITY		
Equity	7 916	7 464
Provisions for end-of-life-cycle operations	5 135	5 075
Other provisions (including net deferred taxes)	3 474	3 792
Net working capital requirement	(244)	488
Put options held by minority interests	2 074	2 049
Net debt (excluding put options held by minority interests)	2 385	1 953
Total – Simplified balance sheet	**20 739**	**20 820**
Net debt (including put options held by minority interests)	**(4 459)**	**(4 003)**
Net debt (excluding put options held by minority interests)	**(2 385)**	**(1 953)**

[3] Working capital assets and liabilities, as well as deferred taxes, are offset in the simplified balance sheet. These items are not offset in the detailed balance sheet presented in the consolidated financial statements.

Appendix 4 – Definitions

Backlog: The backlog is valued based on economic conditions at the end of the period. It includes firm orders and excludes unconfirmed options. Orders in hedged foreign currencies are valued at the rate hedged. Non-hedged orders are valued at the rate in effect on the last day of the period. Natural uranium orders are valued at the closing price of applicable spot and long term indices. The backlog reported for long-term contracts recorded under the percentage of completion method and partially performed as of the reporting date is equal to the difference between (a) the projected sales revenue from the contract at completion and (b) the sales revenue already booked for this particular contract. Accordingly, the backlog takes into account escalation and price revision assumptions used by the group to determine the projected revenue at completion.

Earnings before interest, taxes, depreciation and amortization (EBITDA): EBITDA is equal to operating income plus net amortization, depreciation and operating provisions (except for provisions for impairment of working capital items). EBITDA is adjusted to exclude the cost of end-of-life-cycle operations for nuclear facilities (dismantling, retrieval and packaging of waste) for the period, as well as the full and final payments made or to be made to third parties for facility dismantling. It should be noted that the cash flows linked to end-of-life-cycle operations are presented separately.

Cash flow from end-of-life-cycle operations: This indicator encompasses 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 cash spent during the year on end-of-life-cycle operations
- full and final payments received for facility dismantling
- less full and final payments paid for facility dismantling

Free operating cash flow: this represents the cash flow generated by operating activities. This indicator is before income tax. It is equal to the sum of the following items:

- EBITDA, excluding end-of-life-cycle operations
- plus losses or minus gains included in operating income on sales of property, plant and equipment (PPE) and intangible assets
- plus the decrease or minus the increase in operating working capital requirement between the beginning and the end of the period (excluding reclassifications, currency translation adjustments and changes in consolidation scope)
- minus acquisitions of PPE and intangible assets, net of changes in accounts payable related to fixed assets
- plus sales of PPE and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets
- plus customer prepayments on non-current assets received during the period
- plus acquisitions (or disposals) of consolidated companies (excluding equity associates)

Net debt: This heading includes current and non-current borrowings, which include interest-bearing advances received from customers and put options by minority shareholders, less cash balances, non-trade current accounts, securities held for trade and other current financial assets, including equity derivatives exercisable in less than one year. Shares classified as “available-for-sale securities” are excluded from the net debt position.