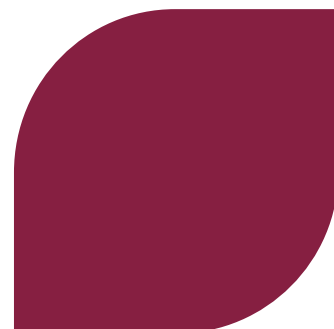


New AREVA Holding



Annual Activity Report*

2016

* Including:

- the management report of the Board of Directors, including the management report of the New AREVA group;
- the report of the Board of Directors on the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up total compensation and benefits of any kind attributable to the executive directors of New AREVA Holding, pursuant to article L. 225-37-2 of the French Commercial Code;
- the corporate social responsibility report (CSR); and
- the report of the Chairman of the Board of Directors on the conditions for preparing and organizing the work of the Board of Directors and on internal control and risk management procedures.

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1 Situation and activities of the company and its subsidiaries

As a preliminary comment, we hereby inform you that this management report from the New AREVA Holding company ("**the company**") includes the management report of the group constituted by New AREVA Holding and the companies entering into its scope of consolidation ("**the NEW AREVA group**", or "**the group**").

In its capacity as an issuer of securities¹ admitted for trading on a regulated market, the company is subject to the provisions of the French Commercial Code applicable to limited liability companies organized under French law as well as to applicable stock market regulations, in particular Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse (market abuse regulation), as well as certain provisions of the General Regulations of the Autorité des marchés financiers (AMF, the stock market regulator).

The AREVA SA company controlled the company at December 31, 2016.

1.1 Overview

1.1.1 Change in operations

The New AREVA group, refocused on the nuclear fuel cycle operations (including in particular the Mining, Front End and Back End operations), was created on November 10, 2016 in the framework of the implementation of the AREVA SA restructuring plan described in the "2016-2020 roadmap" presented to the market by the AREVA SA company on June 15, 2016.

1.1.2 Highlights of the period

Restructuring of the AREVA group

Change in management

In 2016, the AREVA group underwent a transformation and since July 1, 2016 has been organized into two separate entities: AREVA NP (reactors and fuel operations) and the New AREVA group (fuel cycle operations). Since that date, the New AREVA group thus has an Executive Committee in charge of steering operations.

As of this date, the composition of the committee is as follows:

Name	Title
Philippe Knoche	Chief Executive Officer of AREVA SA
François Nogué	Chief Executive Officer of New AREVA Holding and Senior Executive Vice President of Human Resources and Communications
Stéphane Lhopiteau	Chief Legal and Financial Officer
Guillaume Dureau	Senior Executive Vice President of Customers, Strategy, Innovation and R&D
Éric Chassard	Senior Executive Vice President of the AREVA Projects Business Unit and Director of Performance
Jacques Peythieu	Senior Executive Vice President of the Mining Business Unit
Antoine Troesch	Senior Executive Vice President of the Chemistry/Enrichment Business Unit
Pascal Aubret	Senior Executive Vice President of the Recycling BU
Alain Vandercruyssen	Senior Executive Vice President of the Dismantling and Services Business Unit
Frédéric de Agostini	Senior Executive Vice President of the Logistics Business Unit
Christian Barandas	Special Advisor to the Chief Executive Officer

Creation of subsidiaries from the nuclear fuel cycle operations in the company

On August 30, 2016, the company signed a draft agreement with the AREVA SA company for the partial contribution of assets ("**the contribution agreement**") subject to the legal rules for demergers providing for AREVA SA's contribution to the company of all of its assets and liabilities related to the nuclear fuel cycle operations, including the Mining, Enrichment/Chemistry and Back End operations as well as its bond debt maturing in 2017, and the related corporate departments, to the exclusion of the assets and liabilities referred to in articles 3.3 and 4.3 of the contribution agreement ("**the contribution**").

¹ Of which the debt instruments are a part.

Payment for the contribution was determined based on the real value of the assets and liabilities contributed in the amount of approximately 1.4 billion euros (putting the company's value at approximately 2 billion euros at the conclusion of the contribution, after taking tax consolidation into account).

The bearers of bonds issued by AREVA SA maturing in 2017, 2019, 2020, 2021, 2022, 2023 and 2024, assembled in general meetings, and the sole holder of the 2018 bond approved the contribution on September 19, 2016 and September 27, 2016 respectively.

During the Extraordinary General Meeting of Shareholders of November 3, 2016, the shareholders of the company approved the contribution and the correlative capital increase of the company and delegated authority to the Board of Directors to formally record the final completion of the contribution. On November 3, 2016, during their Extraordinary General Meeting, the shareholders of AREVA SA also approved the contribution, the draft contribution agreement, and the valuation and remuneration of the contribution.

The contribution was executed on November 10, 2016, giving rise to a capital increase for the company in the amount of 44,580,555 euros. Following this transaction, the share capital was set at 52,830,555 euros divided into 105,661,110 ordinary shares with a par value of 0.50 euros per share, all of the same category.

Thus, since November 10, 2016, the company is the majority shareholder of the principal operating and services subsidiaries, including AREVA Mines, AREVA NC and AREVA Business Support.

Future of the bonds issued by AREVA SA and held by the company prior to the completion of the contribution

Historically, the company (formerly called CERE) held bonds issued by AREVA SA listed on a regulated market, which it had acquired in 2013 in connection with the partial buyout of the 2017 bond issues for the amount of 2,400,000 euros.

As a consequence of the completion of the contribution and in particular of the contribution to the company of all of AREVA SA's bond debt maturing in 2017, the company will be able to keep the bonds referred to above for a maximum of one year from the date of the contribution of the bonds for purposes of supporting the liquidity of said instruments. No later than the end of the one-year period, the company shall carry out the cancellation or transfer of those instruments.

At this time, the company continues to hold 24 bonds totaling 2,400,000 euros.

Conversion of the company into a limited liability company with a Board of Directors

On November 3, 2016, the Extraordinary General Meeting of Shareholders of the company decided to convert the company into a limited liability company with a Board of Directors, to adopt new Articles of Association, and to appoint Messrs. François Nogué, Eric Chassard and Guillaume Dureau as directors of the company. That same day, the company's Board of Directors appointed Mr. François Nogué as Chairman and Chief Executive Officer of the company.

Authorization by the European Commission

On April 29, 2016, the French authorities notified the European Commission of a restructuring aid measure which they plan to grant to the AREVA group pursuant to the guidelines on "aid for rescuing and restructuring non-financial undertakings in difficulty". This notice is based on the above-mentioned restructuring plan, which aims to restore the AREVA group's long-term viability and competitiveness.

The proposed restructuring aid in the maximum total amount of 4.5 billion euros takes the form of twin capital increases by injecting public capital in the amount of 2 billion euros into AREVA SA and in the maximum amount of 2.5 billion euros into the company.

On July 19, 2016, pursuant to procedural rules on State aid, the European Commission opened a formal review related to the planned measures, asking in particular that the French authorities provide clarification on the plan for returning the AREVA group to viability, how it would contribute to its restructuring costs, and how it would remedy the potential distortions of competition that may result from the planned recapitalizations, if any.

This decision was published in the *Official Journal of the European Union* on August 19, 2016 in order to allow all interested third parties (such as, in particular, the group's competitors, suppliers and customers) to submit comments which they may have in this regard to the European Commission.

Capital increases of the company

The French State and strategic investors are to subscribe to the capital increases of the company in the total amount of approximately 3 billion euros.

As explained in Sections 1.5.2 and 1.6.1 hereunder, these capital increases will be carried out in two stages:

- firstly, a capital increase in the amount of approximately 2.5 billion euros reserved for the French State; and
- secondly, a capital increase in the amount of approximately 500 million euros reserved for strategic investors.

The objective of these capital increases is to enable the company to meet its financial obligations and to develop, before being in a position in the medium term to refinance on the markets. The French State confirmed its commitment to participating in a capital increase at the maximum level of 2.5 billion euros, alongside strategic investors.

Commitments from strategic investors to participate in the capital increase of the company

The industrial groups Mitsubishi Heavy Industries (“MHI”) and Japan Nuclear Fuel Limited (“JNFL”) expressed their interest in participating in the capital increase of the company and formulated offers to that effect on December 15, 2016.

At the end of 2016, these strategic investors committed to participating in the capital increase of the company at the level of 500 million euros, corresponding to a 10% target interest, and will thus become shareholders of the company alongside the French State and AREVA SA, subject to the signature of the final agreements and the completion of the above-mentioned capital increase.

Voluntary departure plans and adaptation of the New AREVA group's workforce

On March 4, 2015, AREVA announced the deployment of a performance plan to achieve 1 billion euros in operational gains in 2018 compared with 2014. This plan rests on four pillars in particular: control of payroll and compensation, productivity improvement, selectivity in purchasing, and marketing and sales strategy.

In July 2015, as part of its performance plan, the AREVA group had announced its intention of reducing its international workforce by 6,000 people by the end of 2017 in relation to December 31, 2014.

In France, voluntary departure plans were launched for the New AREVA group, in particular for the AREVA Mines, AREVA NC, AREVA Business Support, SET and Eurodif Production companies. The voluntary period of these departure plans ended in late November 2016.

Under the provisions of these voluntary departure plans, 1,099 departures were recorded, 62% of which occurred under various retirement or early retirement formulas and close to 38% of which were external departures.

In addition, within the consolidation scope of the companies of the New AREVA group, nearly 450 non-VDP departures have been recorded since August 30, 2015, chiefly for conventional early retirement in some companies, for resignations, or for retirement before the voluntary departure plans started.

For more information about the terms of the voluntary departure plan and the change in the New AREVA group's workforce, please refer to the corporate social responsibility report of the company appearing in Appendix 7.9 of this report.

Statutory amendments at the company level

Change of company name

On July 18, 2016, the sole shareholder of the company decided to change the name of the company, formerly called Compagnie d'Etude et de Recherche pour l'Energie (CERE).

Amendment of the corporate purpose

Also on July 18, 2016, the corporate purpose of the company was amended and article 3 of the company now reads as follows:

“The purpose of the company, directly or indirectly, in France and abroad, is:

- *to manage any industrial or commercial operation, especially in the nuclear, renewable energies, information technology and electronics fields, and in particular to this end:*
 - *to sign any agreement related to these activities;*
 - *to examine projects relative to the creation, development or reorganization of any industrial enterprise;*
 - *to carry out these projects or contribute to their implementation by any appropriate means, more specifically by acquiring equity or interests in any existing or proposed business venture;*
 - *to provide financial resources to industrial enterprises, especially by acquiring equity interests and through loan subscriptions;*
- *to acquire direct or indirect equity and interests, in whatever form, in any French or foreign company or enterprise involved in financial, commercial, industrial, and tangible or intangible property operations;*
- *to purchase, sell, exchange, subscribe to or manage any equity shares and investment securities;*
- *to provide any type of service, particularly those benefiting all of the group's companies; and*
- *more generally, to undertake any industrial, commercial, financial, tangible or intangible property operation, in France or abroad, that is directly or indirectly related to the above in furtherance of its corporate purpose or to facilitate that purpose's achievement and development."*

Reduction of the share capital not motivated by losses

By a decision dated September 15, 2016, the sole shareholder of the company decided to carry out a reduction of the share capital not motivated by losses in the amount of 239,250,000, thus reducing the company's share capital from 247,500,000 euros to 8,250,000 euros. This reduction of share capital was carried out by means of a reduction of the par value of the company's shares by the amount of 14.50 euros per share. Consequently, the par value of each share was reduced from 15 euros to 0.50 euros. The final completion of this capital decrease and the correlative amendment of the company's Articles of Association were formally recorded by decision of the Chairman on October 19, 2016.

Other highlights of the year

Sale of Canberra France and its subsidiaries

On July 1, 2016, the company sold Canberra, an AREVA NC subsidiary specialized in radioactivity detection and measurement instrumentation, to the industrial group Mirion Technologies, Inc.

Reorganization of part of the operations conducted in the United States

Part of the operations conducted in the United States was the subject of a reorganization carried out on September 30, 2016 leading to their transfer to AREVA SA. These operations were then contributed to the company in connection with the contribution agreement.

Buy-back of interests in Société d'Enrichissement du Tricastin Holding

At the end of 2016, the company bought back part of the minority interests of SET Holding, amounting to 7% of the capital, from certain minority shareholders.

Buy-back of interests in Eurodif

At the end of 2016, New AREVA Holding bought back part of the interests in Eurodif's capital from certain minority shareholders.

Please refer to Section 1.6.1 for events since the date of closing.

1.2 Situation and activities of the company and its subsidiaries by business segment during the year

1.2.1 Operations of the New AREVA group

Refocused on all of the nuclear fuel cycle operations, the company conducts operations in mining, in the front end with uranium chemistry (conversion) and enrichment, in the back end with used fuel treatment and recycling, logistics and dismantling, and in Corporate and other operations:

- Present on five continents, the Mining operations include exploration for new deposits, mining and milling of the uranium ore, and site rehabilitation after the operating period. The New AREVA group is currently a leader in uranium production and has a diversified portfolio of operating mines in Canada, Kazakhstan and Niger and projects under development or in operation in Africa, Canada and Mongolia.
- The Front End operations (Chemistry and Enrichment) combine all of the operations related to uranium chemistry, in particular uranium conversion and enrichment services. The New AREVA group is a major player in these operations, backed by the renewal of its Comurhex II conversion plant and Georges Besse II enrichment plant.
- The Back End operations combine the following:
 - the Treatment and Recycling operations offer solutions consisting mainly of treating fuel that has been used in reactors in order to reuse recoverable materials. The group's technological and industrial lead in this field make it a major player in markets in the back end of the nuclear fuel cycle and enable it to comply with the highest standards of nuclear, industrial and occupational safety;
 - the Logistics operations combine two main businesses: the design and manufacturing management of casks and specialized equipment for the shipment and/or storage of nuclear waste and materials, and the organization and execution of shipments of nuclear waste and materials and the management of the logistics chain, including that of the related equipment fleet;
 - the Dismantling and Services operations offer customers tailor-made solutions covering the entire value chain of its two operating segments: nuclear facility dismantling and services to nuclear operators.
- The Corporate function and other operations of the New AREVA group mainly cover two groups of operations:
 - The operations of AREVA Projects, which concentrates nuclear fuel cycle engineering expertise for the group's facilities and for external customers. Services range from engineering for operator support to full engineering, procurement, construction and management (EPCM) assignments.
 - The operations of AREVA Med, which develops new therapies to fight cancer.

1.2.1.1 Mining

1.2.1.1.1 Businesses

The group's mining operations involve uranium, a metal which in its natural state contains two main isotopes: more than 99% is non-fissile uranium-238, while fissile uranium-235 accounts for 0.7%. The latter is used after enrichment to make fuel for nuclear reactors.

The company holds the group's key interests in mining operations in the following key operating businesses:

- Exploration: seeking new deposits for the future
- Mining projects: mine development and construction
- Operations: extraction of uranium ore using various mining techniques, and ore processing (chemical concentration of natural uranium)
- Site rehabilitation after operations: rehabilitation of mine sites following applicable environmental standards

AREVA Mines is in charge of marketing the uranium extracted by the mining companies.

1.2.1.1.2 2016 production

2016 PRODUCTION IN METRIC TONS OF URANIUM (MTU)			
Country	Site	Financial consolidation share 2016	Type ⁽¹⁾
		<i>MTU</i>	
Canada	McArthur River	2,097	UG
Canada	Cigar Lake	2,473	UG
Total	Canada	4,570	
France	Lodève	3	NA
Total	France	3	
Kazakhstan	Katco	4,002	ISR
Total	Kazakhstan	4,002	
Niger	Cominak ⁽²⁾	-	UG
Niger	Somaïr	2,164	OP
Total	Niger	2,164	
TOTAL		10,739	

(1) Type of operation: ISR: In Situ Recovery; OP: Open Pit; UG: Underground; n.d.: not defined.
(2) Cominak has been consolidated under the equity method since January 1, 2014.
Source: AREVA.

1.2.1.1.1 Human and industrial resources

The New AREVA group's diversified portfolio of mining assets and resources is an important factor in security of supply for utilities seeking long-term guarantees of uranium supply.

The Mining business has staff in several countries. The uranium production sites are located in three countries: Canada, Niger and Kazakhstan.

Canada

The New AREVA group has been present in Canada through its different mining operations for more than 50 years.

In Canada, the New AREVA group's production comes from the McArthur River and Cigar Lake mines operated by Cameco. These sites are located approximately 700 kilometers north of Saskatoon in Saskatchewan Province. The New AREVA group is conducting a major exploration program in this uranium-rich province, where it also holds majority interests in several deposits: a 70% interest in McClean Lake, a 51% interest in Shea Creek, a 69.16% interest in Midwest, and a 65.01% interest in Kiggavik.

Additional studies are required to determine the development schedules for these deposits, which will depend on uranium market conditions.

McArthur River

McArthur River is operated as a joint venture by Cameco, which holds a 69.805% interest (New AREVA Holding's share: 30.195%). Together with Cigar Lake, McArthur River has the world's largest mining production capacity. The deposit was discovered in 1988 and mining began in December 1999.

Located more than 600 meters below the surface, and in view of the very high-grade uranium it contains, the deposit cannot be mined with conventional methods. The miners are protected from direct contact with the ore by the use of special mechanical mining methods (raise boring and long hole stoping), and the ground is frozen to prevent water infiltration. The mined ore is processed at the Key Lake mill, about 80 kilometers south of the deposit. The mill is operated by Cameco, which holds an 83.33% interest (the company holds 16.67%). McArthur River and Key Lake have a combined capacity of 7,700 metric tons of uranium per year (20 million pounds of U₃O₈; for information, 1 kilogram of natural uranium equals approximately 2.6 pounds of U₃O₈).

Cigar Lake

Cigar Lake is owned by a joint venture consisting of Cameco Corporation (50.025%), New AREVA Holding (37.1%), Idemitsu Uranium Exploration Canada Ltd (7.875%) and Tepco Resources Inc. (5%). The deposit is operated by Cameco. Cigar Lake is the world's richest uranium deposit. The ore is processed in the McClean Lake mill operated by the group.

The New AREVA group discovered the deposit in 1981 and helped develop the mining method. In view of its location 450 meters below the surface and the very high-grade uranium it contains, the deposit cannot be mined with conventional methods. Freezing techniques are used to strengthen the ground and prevent water infiltration. The selected mining method involves removing the ore by high-pressure jet boring. All infrastructure drifts are located in more solid rock under the deposit to position equipment, drill to freeze the ground, and mine it by jet boring.

With more than 17 million pounds of uranium concentrates produced in 2016, production ramp-up at the Cigar Lake mine continues to achieve production levels exceeding the forecasts, despite the highly innovative nature of the techniques used.

At full capacity, Cigar Lake should produce 6,900 metric tons of uranium per year (18 million pounds of U_3O_8), a level which should be reached starting in 2017, just three years after the restart of the Cigar Lake mine.

McClean Lake

The New AREVA group operates McClean Lake and is a 70% owner alongside Denison Mines Ltd (22.5%) and Overseas Uranium Resources Development Company Ltd of Japan (Ourd, 7.5%).

The first uranium production at the McClean Lake open pit mine began in 1995, and uranium concentrate production began at McClean Lake's Jeb mill in 1999. Mining operations were stopped in early 2009. The mill was designed to process very high-grade ore (> 15%); its capacity was raised in order to receive all of the ore from Cigar Lake. Under an agreement signed in 2011 between the partners of Cigar Lake and McClean Lake, the Jeb mill processes all of the ore from the Cigar Lake mine. The mill was restarted in October 2014 for that purpose, and its ramp-up to nominal capacity is in step with that of mining production, i.e. 18 million pounds of uranium concentrates per year (6,900 metric tons of uranium).

In June 2016, the New AREVA group received the regulatory permit from the Canadian government to increase the production of uranium concentrates at the McClean Lake mill up to 24 million pounds.

Niger

Exploration teams from the CEA detected the presence of uranium in Niger at the end of the 1950s. The uraniferous area is located west of the Aïr granitic body near the city of Arlit.

Close to 1,800 people work at Somaïr and Cominak, not including subcontractors. Along with jobs, the operating companies provide health, social and educational services to the local communities in this isolated area.

Cominak and Somaïr have delivered uranium to their customers without interruption since operations began in the 1970s.

The New AREVA group also owns the Imouraren project (see below), one of the world's largest deposits, with 174,196 metric tons of uranium in reserves after application of the ore yield with a grade of 700 ppm.

In accordance with the strategic partnership agreement signed between the State of Niger and the group on May 26, 2014:

- the mining agreements for Somaïr and Cominak were renewed until the end of 2018 within the framework of the Nigerien mining law of 2006 (with neutralization of the value-added tax);
- a Joint Strategy Committee was set up and will determine the schedule for the start of production of Imouraren as a function of the market trend, since current uranium prices do not allow the deposit to be operated profitably;
- the New AREVA group will provide financial support to local infrastructure and development projects:
 - funding of part of the Tahoua-Arlit road renovation;
 - funding of the construction of an office building to house the headquarters of the mining companies;
 - strengthening of an agricultural development program in the Irhazer Valley of northern Niger.

Somaïr

Société des mines de l'Aïr (Somaïr, the mining company of the Aïr) was established in 1968. The company is operated by the New AREVA group, which owns 63.4% of the shares; the remaining 36.6% is held by Société du patrimoine des mines du Niger (Sopamin, the Nigerien government's mining company).

Somaïr has operated several uranium deposits near the city of Arlit since 1971. The ore is extracted from open pit mines and heap leached or processed mechanically at the head end of the Arlit mill. In both cases, the uranium solutions are treated in the mill's downstream process. Given the current characteristics of the ore processed, capacity is in the range of 2,000 and 2,200 metric tons per year.

Cominak

Cominak (Compagnie Minière d'Akouta) is 34% owned by the New AREVA group, which operates it. The other shareholders are Sopamin of Niger (31%), Ourd (25%), and Enusa Industrias Avanzadas SA of Spain (Enusa, 10%). The ore is extracted underground and is then processed in the site's mill, for a capacity of approximately 1,400 metric tons of uranium per year (3.6 million pounds of U₃O₈).

Imouraren project

Located 80 kilometers south of Arlit, this deposit was discovered in 1966 and constitutes one of the largest deposits in the world today (reserves of 174,196 metric tons of uranium after recovery). The feasibility study was completed in December 2007 and submitted in April 2008. The New AREVA group received the mining permit for the deposit in early January 2009. The Imouraren SA mining company was established, with AREVA NC Expansion (86.5% New AREVA Holding and 13.5% Kepco / KHNP) holding a 66.65% interest and Sopamin and the government of Niger holding the remaining 33.35%.

In view of market conditions, production startup work has been suspended. The site, equipment and facilities are currently mothballed, and all demobilization operations together with implementation of the restructuring plan were completed in the first quarter of 2015.

The project will restart when uranium market conditions permit. A Strategy Committee set up by the State of Niger and the New AREVA group regularly reviews these conditions.

Kazakhstan

Katco was established in 1997 to develop and mine the Muyunkum and Tortkuduk deposits in southern Kazakhstan, approximately 250 kilometers north of Shymkent.

The shareholders are AREVA Mines (51%) and the Kazakh company Kazatomprom (49%), the national natural uranium producer of Kazakhstan.

Industrial development of the two sites, located approximately 60 kilometers apart, started in April 2004 after the signature of agreements between the two shareholders. The in-situ recovery (ISR) technology was chosen to solubilize the uranium directly in the rock.

In 2008, Katco received a permit to raise production to 4,000 metric tons of uranium per year; it has maintained this level since 2013. Since 2015, Katco has continued studies and work aimed at bringing the South Tortkuduk deposit into production; this deposit is located between two deposits currently in production. The request to register South Tortkuduk resources and reserves in the State of Kazakhstan's records is under review and constitutes the first stage of development of this deposit.

Namibia

The New AREVA group has owned 100% of the Trekkopje deposit in Namibia since its acquisition in 2007. In 2012 and 2013, a pilot phase demonstrated the feasibility of the selected technical solutions and confirmed the production cost objectives. Nonetheless, due to unfavorable uranium market conditions, the New AREVA group decided to put the project on hold in October 2012.

Mongolia

For more than 15 years, the New AREVA group has successfully conducted mineral exploration work in the Sainshand basin at two sites, Dulaan Uul and Zoovch Ovoo.

Following an initial feasibility study, mining licenses were granted for the Dulaan Uul and Zoovch Ovoo deposits in June 2015 to Cogegobi, the subsidiary of AREVA Mongol⁽¹⁾ which will lead the New AREVA group's exploration operations.

In 2016, these mining licenses were transferred to AREVA Mines LLC, which will be held by AREVA Mongol⁽¹⁾ (66%) and by Mon-Atom (34%), a public company under the supervision of the State Properties Commission. Subject to the upcoming activation of the joint venture, these licenses will enable the start of detailed technical and economic studies, in particular the creation of a pilot site at Zoovch Ovoo using the in-situ recovery (ISR) technology.

Gabon

In Gabon, exploration work resumed a few years ago at the New AREVA group's former mining sites and continued in 2016.

⁽¹⁾ The shareholders of AREVA Mongol are CFMM, a wholly owned company of AREVA Mines, with a 66% share, and Mitsubishi Corporation with a 34% share.

1.2.1.1.1 Resources, reserves and production sites

The mineral reserves of the New AREVA group's deposits totaled 181,875 metric tons of uranium at 31.12.16 (New AREVA group's equity share), versus 181,189 metric tons of uranium at December 31, 2015 (New AREVA group's equity share).

The volume of the best-known resources (measured and indicated resources) was 124,756 metric tons of uranium at December 31, 2016 (New AREVA group's equity share), versus 98,641 metric tons of uranium at 31.12.15 (New AREVA group's equity share). The volume of inferred resources available to the New AREVA group totaled 151,123 metric tons of uranium at December 31, 2016 (New AREVA group's equity share), versus 178,205 metric tons of uranium at December 31, 2015 (New AREVA group's equity share).

Estimating methods

The New AREVA group's resources and reserves are estimated based on data gathered by the group's teams or taken from audited reports. An internal group department is in charge of these estimates.

The mission of the Resources and Reserves Committee, which reports to Management, is to validate the schedule for updating resources and reserves; to validate the resources and reserves reported by the New AREVA group each year; and to ensure that the means, organization, and internal and external estimating methods enable a comprehensive and objective estimate of resources and reserves, in accordance with international practices.

In Canada, the group's reserves are the subject of independent estimates or audit reports by the shareholders of the companies operating the mines.

In 2010, the New AREVA group decided to comply with international standards for the classification of its resources and reserves. At December 31, 2016, 100% of its resources and 99% of its reserves were in conformance.

MINERAL RESERVES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) (YEAR-END 2016 ESTIMATES)

Country	Site	Proven			Probable			Total reserves				Metal (after application of yields) MTU
		Ore KT	Grade %U	Metal MTU	Ore KT	Grade %U	Metal MTU	Ore KT	Grade %U	Metal MTU	Recovery %	
Canada	Cigar Lake	210	168.45	35,306	404	117.37	47,395	613	134.82	82,701	98.50%	81,460
Canada	Key Lake	67	4.26	287	0	0.00	0	67	4.26	287	98.70%	283
Canada	McArthur River	1,185	81.19	96,203	563	81.73	45,983	1,747	81.37	142,186	98.70%	140,338
Canada	McClean	88	3.00	262	1	43.20	22	88	3.23	284	95.71%	272
Canada	Total	1,549	85.23	132,059	967	96.60	93,399	2,516	89.60	225,458	98.62%	222,353
Kazakhstan	Katco	0	0.00	0	13,170	0.74	9,743	13,170	0.74	9,743	85.64%	8,344
Kazakhstan	Total	0	0.00	0	13,170	0.74	9,743	13,170	0.74	9,743	85.64%	8,344
Niger	Cominak	1,284	3.16	4,058	1,375	3.38	4,643	2,659	3.27	8,702	93.10%	8,101
Niger	Imouraren	0	0.00	0	306,048	0.70	213,722	306,048	0.70	213,722	81.51%	174,196
Niger	Somaïr	521	0.70	364	2,253	1.26	2,841	2,774	1.15	3,205	78.30%	2,510
Niger	Total	1,805	2.45	4,422	309,676	0.71	221,206	311,481	0.72	225,629	81.91%	184,807
TOTAL		3,355	40.68	136,481	323,813	1.00	324,348	327,168	1.41	460,830		415,504

Source: AREVA.

Country	Site	Equity share of the New AREVA group MTU
Canada	Cigar Lake	30,222
Canada	Key Lake	47
Canada	McArthur River	42,375
Canada	McClean	190
Canada	Total	72,834
Kazakhstan	Katco	4,255
Kazakhstan	Total	4,255
Niger	Cominak	2,754
Niger	Imouraren	100,439
Niger	Somaïr	1,591
Niger	Total	104,785
	TOTAL	181,875

For reserves, this share is expressed in concentrates, i.e. after taking into account mining and milling recovery.

Source: AREVA.

MINERAL RESOURCES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) (YEAR-END 2016 ESTIMATES)

Country	Site	Measured			Indicated			Measured + indicated			Equity share of the New AREVA group	Inferred			Equity share of the New AREVA group
		Ore	Grade	Metal	Ore	Grade	Metal	Ore	Grade	Metal	Measured + indicated	Ore	Grade	Metal	Inferred
		KT	%U	MTU	KT	%U	MTU	KT	%U	MTU	MTU	KT	%U	MTU	MTU
Canada	Cigar Lake	1	40.24	52	236	137.70	32,456	237	137.16	32,508	12,060	129	62.36	8,013	2,973
Canada	Dawn Lake	0	0.00	0	184	37.47	6,886	184	37.47	6,886	1,590	46	8.68	396	91
Canada	Fox Lake	-	-	-	-	-	-	-	-	-	-	387	67.74	26,195	5,700
Canada	Kiggavik	0	0.00	0	10,418	4.70	48,953	10,418	4.70	48,953	31,826	731	2.82	2,059	1,339
Canada	McArthur River	44	36.95	1,607	17	15.20	254	60	30.92	1,861	562	96	44.12	4,231	1,278
Canada	McClean	82	30.23	2,479	242	14.13	3,424	324	18.21	5,903	4,132	38	10.07	382	267
Canada	Midwest	0	0.00	0	463	4.81	2,227	463	4.81	2,227	1,540	9	180.65	1,662	1,149
Canada	Total	127	32.64	4,139	11,559	8.15	94,200	11,686	8.41	98,339	51,710	1,435	29.93	42,938	12,797
Kazakhstan	Katco	0	0.00	0	23,972	1.01	24,162	23,972	1.01	24,162 ⁽¹⁾	12,323	17,456	0.81	14,112 ⁽¹⁾	7,197
Kazakhstan	Total	0	0.00	0	23,972	1.01	24,162	23,972	1.01	24,162	12,323	17,456	0.81	14,112	7,197
Mongolia	Zoovch Ovoo	0	0.00	0	63,649	0.20	12,836	63,649	0.20	12,836	5,591 ⁽²⁾	255,395	0.24	60,809	26,488 ⁽²⁾
Mongolia	Total	0	0.00	0	63,649	0.20	12,836	63,649	0.20	12,836	5,591	255,395	0.24	60,809	26,488
Namibia	Trekkopje Project	-	-	-	-	-	-	-	-	-	-	250,000	0.10	26,000	26,000
Namibia	Total	-	-	-	-	-	-	-	-	-	-	250,000	0.10	26,000	26,000
Niger	Arlit Concession	-	-	-	-	-	-	-	-	-	-	12,845	1.59	20,403	20,403
Niger	Cominak	-	-	-	-	-	-	-	-	-	-	340	2.77	942	320
Niger	Imouraren	-	-	-	108,668	0.58	62,584	108,668	0.58	62,584	36,085	4,394	0.66	2,879	1,660
Niger	Somaïr	0	0	0	21,021	1.43	30,042	21,021	1.43	30,042	19,047	13,844	1.64	22,653	14,362
Niger	Total	0	0.00	0	129,689	0.71	92,626	129,689	0.71	92,626	55,132	31,423	1.49	46,877	36,745
CAR	Bakouma	-	-	-	-	-	-	-	-	-	-	17,974	2.03	36,475	36,475
CAR	Total	-	-	-	-	-	-	-	-	-	-	17,974	2.03	36,475	36,475
Gabon	Bagombe	-	-	-	-	-	-	-	-	-	-	2,000	2.71	5,420	5,420
Gabon	Total	-	-	-	-	-	-	-	-	-	-	2,000	2.71	5,420	5,420
	TOTAL	127	32.64	4,139	228,869	0.98	223,824	228,996	1.00	227,963	124,756	575,683	0.40	232,631	151,123

(1) Katco is waiting for approval, expected to be received in 2017, of the registration of 6,580 MTU of measured and indicated resources and 6,445 MTU of inferred resources in the State's schedule of resources and reserves at December 31, 2016.

(2) The New AREVA group's share of resources in Mongolia is calculated taking into account the acquisition of an interest in the operating company by the Mongolian State company Mon-Atom, expected to occur in 2017, in accordance with Mongolia's nuclear law.

1.2.1.1.2 Development outlook and challenges

In a post-Fukushima environment, and despite a slower pace of growth in demand, the New AREVA group intends to remain a key supplier of natural uranium. Its objective is to continue to optimize the competitiveness of its existing sites and to maintain its portfolio of projects by conducting the necessary studies in order to be able to launch new capital expenditure when market prices permit.

In this way, the New AREVA group intends to strengthen its position in the uranium market while remaining one of the most competitive producers.

1.2.1.2 Front End

1.2.1.2.1 Businesses

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

The principal business of the Chemistry operations is to convert natural uranium into uranium hexafluoride. All enrichment processes – the stage after conversion in the fuel cycle – currently function with uranium in the chemical form of UF_6 .

Uranium concentrates shipped from the mine for conversion are owned by the electric utility customer. They are converted in a two-stage process:

- In the first stage, the uranium is converted into uranium tetrafluoride (UF_4). This involves dissolving the mine concentrates in acid, then purifying them to produce UO_3 powder. This powder is then hydro-fluorinated with hydrofluoric acid, converting it into UF_4 . These operations are carried out in the New AREVA group's plant at the Malvési site in the Aude department of France.
- In the second stage, the UF_4 is converted by fluorination into uranium hexafluoride (UF_6), a chemical compound that exists in gaseous form at relatively low temperature. The fluorine used in this process is produced through electrolysis of anhydrous hydrofluoric acid. These operations are carried out in the New AREVA group's plant at the Tricastin site in the Drôme and Vaucluse departments of France.

Enrichment of natural uranium in uranium-235

Enrichment operations consist of increasing the uranium-235 content of natural uranium from its initial 0.7% to the assay specified by the customer, ranging from 3 to 5%, depending on the type and operating mode of the reactor. Molecules of gaseous uranium hexafluoride (UF_6) undergo isotopic separation to achieve the desired enrichment assay. The New AREVA group supplies the enrichment service to the customer, with the latter retaining ownership of its material.

Following the shut-down of Eurodif's gaseous diffusion enrichment plant in 2012, the New AREVA group invested in the new Georges Besse II plant and has now deployed the centrifuge enrichment technology, which meets increasingly stringent nuclear safety, environmental protection and competitiveness requirements.

Other income

The other operations in the Front End include in particular:

- the conversion of depleted uranium hexafluoride (depleted UF_6) into an oxide;
- the recycling of uranium from used fuel treatment

1.2.1.2.2 Human and industrial resources

The operations in the Front End of the fuel cycle (Chemistry and Enrichment) are split between two industrial sites in France, the Malvési site and the integrated Tricastin platform:

- UF_4 is produced by the plant at the AREVA NC Malvési site (annual capacity: approximately 14,000 metric tons);
- UF_6 is produced by the plant at the AREVA NC Tricastin site (annual capacity: approximately 14,000 metric tons);
- UF_6 is enriched by the Georges Besse II plant of Société d'Enrichissement du Tricastin (SET) at the Tricastin site (annual capacity: 7.5 million SWU);
- depleted uranium is defluorinated in the W Plant at the Tricastin site (annual capacity: approximately 13,000 metric tons);
- uranyl nitrate is converted into oxide in the TU5 facility at the Tricastin site (annual capacity: approximately 1,250 metric tons);

- the integrated Tricastin platform also pools all of the resources for logistics, laboratory, waste and effluent treatment, and equipment repair in the Department of Industrial Services, serving all of the site's plants more efficiently and in a more cost-effective manner.

On the financial level, SET is wholly owned by SET Holding. The majority of SET Holding is owned by AREVA NC (subsidiary of New AREVA Holding); two partners also hold an interest totaling 5% of the capital, i.e. 2.5% for Korea Hydro & Nuclear Co. Ltd (KHNP) and 2.5% for Japan France Enrichment Investing (JFEI).

New AREVA Holding holds a 50% interest in the Enrichment Technology Company (ETC) alongside Urenco. ETC manufactures the centrifuges used for uranium enrichment.

1.2.1.2.1 Outlook and development goals

One of the strategic objectives for the operations in the front end of the cycle is to strengthen the New AREVA group's position as a major player in the global conversion market. It will continue to benefit from the integration of the group's Front End operations and its physical proximity to Europe's enrichment plants.

The backlog in the enrichment business offers more than 10 years of visibility. Given the known operating period of current reactors, the conversion and enrichment markets should see growth in volume by 2030. The sharp upturn in demand in Asia should largely offset a decline in demand in Europe.

1.2.1.3 Back End

1.2.1.3.1 Recycling

Businesses

The Recycling business uses processes allowing its customers to recycle used fuel into fresh fuel and to package final waste in standardized containers in a safe and stable manner.

The Recycling business earns a return internationally on the technical and industrial expertise developed in its facilities and the know-how acquired by the Dismantling and Services business at the sites of the group and of its French customers. In particular, it designs and builds new recycling plants in the framework of international partnerships with countries seeking to acquire their own production plants.

Human and industrial resources

The Recycling Business Unit's principal base consists of the industrial platforms of la Hague and MELOX, respectively located in the Manche and Gard Departments of France. These two sites represented close to 6,000 employees and subcontractors in 2016.

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

The Recycling Business Unit also draws on the skills of the AREVA Temis entity.

AREVA la Hague

The la Hague site provides the first stage of recycling operations: the recyclable materials are first separated from the waste in the used fuel of French and foreign power plants and research reactors, and then these recyclable materials and final waste are packaged in a safe and stable form.

The plant has two production lines, UP2-800 and UP3, which have a combined licensed capacity of 1,700 metric tons of used fuel per year, corresponding to the generation of 600 TWh per year of electricity.

In 2016, the la Hague plant treated 1,118 metric tons of used fuel and produced 999 canisters of vitrified waste.

AREVA MELOX

The AREVA MELOX site is the global market leader for the fabrication of recycled nuclear fuel, or MOX.

In 2016, MELOX produced 124 metric tons of MOX fuel for its French and international customers. For the international market, fabrication resumed for the Japanese customer Kansai Electric Power Company in 2016.

AREVA Temis

AREVA Temis develops and offers a selection of technical skills and know-how for all high added-value projects in the nuclear, aeronautic and defense industries. In particular, the company provides automated systems, designs and manufactures mechanical equipment in specialty metals, and produces fiber-reinforced concrete containers.

AREVA Temis is based at five sites located near the AREVA la Hague and AREVA MELOX production sites.

Outlook and development goals

In 2017, the Recycling business's objectives are to:

- continue to sell and supply recycling solutions in France and internationally;
- promote recycling technology abroad;
- develop innovative offers to strengthen nuclear and occupational safety in used fuel management;
- participate in the creation of appropriate infrastructure for its international partners.

1.2.1.3.2 Nuclear Logistics

Businesses

The Nuclear Logistics business, known by the trade name of AREVA TN, has two main business lines:

- the design of casks and specialized equipment to ship and/or store nuclear materials and waste, and the management of their manufacturing;
- the organization and execution of nuclear materials and waste shipments and, as needed, the management of the logistics chain, including that of the related equipment fleet. It works both in the front end and the back end of the nuclear fuel cycle for industry as well as for research reactors and laboratories. It is also tasked with the supervision of the transportation operations of the group and of its customers, and with ensuring that they are carried out according to the highest level of safety.

The Nuclear Logistics business also supplies dry storage solutions, nuclear fuel storage racks for power plant cooling pools, and neutron shielding systems for reactors.

Human and industrial resources

The Nuclear Logistics business carries out nearly 6,000 shipments each year. It is based in several regions of the world:

- in Europe, the business designs casks and commissions shipments of nuclear materials. Its subsidiaries LMC and Mainco carry out road shipments and provide industrial logistics services respectively;
- in the United States, the entity and its subsidiary CHT design, manufacture and sell storage casks to US nuclear utilities. They are also active in the front end of the nuclear cycle. Its operations are based at four sites, in Columbia, Maryland; Aiken, South Carolina; Kernersville, North Carolina; and Moyock, North Carolina;
- in Japan, its entity provides engineering studies, transportation, and the sale and maintenance of fuel casks for Japanese power companies.
- in Niger, the Nuclear Logistics business ships mining concentrates;
- in China, the Logistics Business Unit has a team dedicated to the development of future operations.

The Nuclear Logistics business has the necessary resources to manufacture shipping and storage casks. It has a fleet of transportation equipment, including casks and road and rail resources, and it operates road, rail and sea terminals.

To accomplish its mission of supervising the group's transportation operations, the business has an organization that manages risks and sets up appropriate action plans to manage any emergency at any location, in liaison with the public authorities. Its real-time transportation tracking center gives it a continuous stream of information on transportation operations.

Outlook and development goals

The Nuclear Logistics business continues to develop internationally to strengthen its position as a leading player in its business areas.

1.2.1.3.3 Dismantling and Services (D&S)

Businesses

The Dismantling and Services business offers customers a broad range of services covering three main types of operations:

- Nuclear facility dismantling operations across the entire value chain: radiological characterization of facilities to be dismantled, cleanup, deconstruction, operation of facilities during dismantling and of the support facilities, and redevelopment of the land and buildings.

Numerous facilities built in the 1950s and 1960s have reached the end of their operating period. Their dismantling and the rehabilitation of their host sites, in particular to allow new projects to be located there, represent a major industrial challenge. The Dismantling and Services business (D&S) is a managing contractor for facilities that have been shut down, provides dismantling studies and project management, and carries out dismantling operations;

- Waste management operations, whether the waste comes from the production and operation of nuclear facilities, from dismantling operations, or from major maintenance operations. The Dismantling and Services business also contributes to major projects for the retrieval and packaging of legacy waste stored at the sites pending the availability of disposition methods.
- Services to nuclear operators include nuclear logistics and project support, facility maintenance, radiological safety of workers and facility operations.

These operations mostly involve nuclear facilities currently in production, which must ensure the best nuclear safety performance at all times, preserve assets, plan for the future and control costs.

Human and industrial resources

The Dismantling and Services business provides services to practically all of the French nuclear sites operated by the New AREVA group, the CEA, EDF and Andra. Its personnel are present at all sites to ensure the quality of the services provided, in compliance with the budget, schedule, and nuclear and occupational safety requirements.

It has expertise in the vast majority of techniques suited to the treatment of very low-, low-, medium- and high-level effluent and waste, to their volume reduction and to their safe packaging.

Outlook and development goals

The goals of the Dismantling and Services business are to:

- contribute to the New AREVA group's performance, in particular by carrying out internal dismantling projects related to end-of-lifecycle operations with optimum nuclear, industrial and occupational safety, while limiting the consumption of provisions;
- assert its position as a leading player in the French market; and
- provide a showcase of its know-how to support the development of the New AREVA group's dismantling operations internationally. In this vein, in 2016, the D&S teams met their counterparts at the Sellafield site in the United Kingdom to examine opportunities for assistance and expertise that the group might provide to projects conducted on the other side of the Channel.

The Dismantling and Services business will grow by continuing to expand its offering of activities supported by in-house expertise, and by developing partnerships. The competitiveness of D&S also depends on its investment in technology innovation to serve its customers. In this regard, the market introduction in 2016 of a simulator cab for polar crane operations in nuclear power plants and of the Manuela™ portable tool for the topographical and radiological mapping of nuclear facilities quickly received positive feedback from several EDF sites.

1.2.1.3.4 Waste Management

In operating and dismantling its fuel cycle facilities, the New AREVA group represents only a small fraction of the national radioactive waste inventory. This is due to the design and implementation of effective solutions for the safe, optimized and comprehensive management of radioactive waste management. The New AREVA group assumes responsibility for its waste by continually adopting solutions aimed at reducing their overall impact and by setting aside assets to secure long-term funding for the related expenses.

Optimization of a waste method means managing the waste from its generation (aiming for minimization at the source), managing waste flows, sorting, packaging (with or without prior processing), storage, shipment and disposal. The diversity of the group's operations and businesses, which cover the entire nuclear fuel cycle from the uranium mine to used fuel recycling, multiple related industrial sites, and a variety of resulting primary waste, have led the New AREVA group to develop unique technical, industrial and organizational know-how. Backed by more than 40 years of waste management experience, the New AREVA group's skills as an integrator of solutions allow an optimum technical and economic balance to be achieved in the implementation of comprehensive waste management methods.

This unique know-how goes into serving its customers through tailor-made solutions for the management of all or part of the waste they generate.

Radioactive waste management must meet a number of safety, industrial and societal challenges, and the New AREVA group is in constant contact with the various players and stakeholders involved, particularly at the national level. It is an active contributor to the development of the French National Radioactive Materials and Waste Management Plan (PNGMDR) under the aegis of the Ministry of Environment, Energy and Oceans represented by the General Directorate of Energy and Climate and by ASN. Under this plan, an exhaustive inventory of the different radioactive waste management methods is drawn up, and areas for improvement and related actions to be taken are defined.

In 2016, the New AREVA group packaged more than 10,000 m³ of waste, including approximately 70% in the very-low-level waste category, 25% in the short-lived low- and medium-level waste category, and 5% in the other categories (including long-lived medium- and high-level waste).

The New AREVA group has considerable experience in the management of all waste categories, from the lowest level to the highest level, and thus has all of the related operational skills and R&D resources. All of the group's operations are concerned by the optimization of waste management, meaning all of its business units. For its implementation, AREVA draws on:

- the operating entities of the different production or mining sites;
- the Dismantling and Waste Contracting Department.

1.2.1.4 Other operations of the New AREVA group

The other operations of the New AREVA group combine the other cross-business functions, including the Dismantling and Waste Contracting Department, AREVA Projects and AREVA Med.

1.2.2 Liquidity position and continuity of operations

At December 31, 2016, the group had current borrowings of 1.022 billion euros, mainly consisting of the bond issue in the amount of 797 million euros maturing on October 5, 2017 and a redeemable syndicated bank loan in the amount of 72 million euros.

To meet those commitments and ensure the continuity of operations in 2017, the main sources of financing in 2017 including the following items:

- Gross cash on hand at January 1, 2017 in the amount of 1.434 billion euros, including a shareholder loan account vis-à-vis AREVA SA in the amount of 1.299 billion euros;
- An advance to the company in the amount of 1.3 billion euros from the shareholder current account of the French State, as authorized by the European Commission on January 10, 2017. This advance from the shareholder current account, to be credited to the capital increase of the company planned in 2017, will bridge the gap with the latter as necessary.
- The objective of carrying out this capital increase is to strengthen the capital structure of the company and enable it to meet its liquidity requirements.

Taken together, these items will ensure the continuity of operations for the 2017 financial year.

Beyond 2017, the significant debt maturities for the New AREVA group in 2018 consist of the repayment of a private placement maturing on September 20, 2018 in the equivalent of approximately 60 million euros and a debt maturity of 58 million euros concerning the redeemable syndicated bank loan.

Please refer to Section 1.6.1 for events since the date of closing.

1.2.3 Summary of key data

<i>(in millions of euros, except workforce)</i>	2016	2015	Change 2016/2015
Income			
Revenue	4,401	4,658	-257
Gross margin	961	615	+346
Operating income	405	(93)	+498
Share in net income of joint ventures and associates	10	6	+4
Net financial income	(512)	(231)	-281
Income tax	(332)	(210)	-122
Net income from discontinued operations	70	(1)	+71
Net income attributable to owners of the parent	(249)	(536)	+287
Comprehensive income	(384)	(459)	+75
Comprehensive income attributable to owners of the parent	(323)	(382)	+59
Cash flows			
EBITDA	1,338	1,297	+41
Change in operating working capital requirement	(171)	96	-267
Net operating CAPEX	(654)	(619)	-35
Operating cash flow	514	770	-256
Miscellaneous			
Net cash (debt)	(4,389)	(2,080)	-2,309
Equity attributable to owners of the parent	(1,016)	1,716	-2,732
Workforce at year end	18,341	19,179	-4.4%

1.2.4 Summary data by business segment

2016

				Corporate and	
(in millions of euros)	Mining	Front End	Back End	other operations	Total
Income					
Contribution to consolidated revenue	1,451	1,037	1,728	184	4,401
Operating income	183	158	67	(3)	405
Percentage of contribution to consolidated revenue	12.6%	15.2%	3.9%	ns	9.2%
Cash flows					
EBITDA	747	354	300	(64)	1,338
Percentage of contribution to consolidated revenue	51.5%	34.1%	17.4%	ns	30.4%
Change in operating WCR	(105)	(136)	98	(28)	- 171
Net operating CAPEX	(137)	(323)	(190)	(4)	(654)
Operating cash flow	510	(109)	208	(95)	514
Miscellaneous					
PP&E and intangible assets (including goodwill)	3,507	4,414	2,490	48	10,458
Assets earmarked for end-of-lifecycle operations	2	1,536	4,679	-	6,216

2015

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	Total
Income					
Contribution to consolidated revenue	1,447	1,106	1,867	238	4,658
Operating income	188	101	(187)	(195)	(93)
Percentage of contribution to consolidated revenue	13.0%	9.1%	ns	ns	ns
Cash flows					
EBITDA	607	389	312	(10)	1 297
Percentage of contribution to consolidated revenue	41.9%	35.2%	16.7%	ns	27.8%
Change in operating WCR	(61)	(196)	293	60	96
Net operating CAPEX	(186)	(273)	(160)	0	(619)
Operating cash flow	351	(78)	445	52	770
Miscellaneous					
PP&E and intangible assets (including goodwill)	3,818	4,333	2,252	47	10,450
Assets earmarked for end-of-lifecycle operations	2	1,537	4,761	-	6,299

SUMMARY OF REVENUE BY REGION AND BUSINESS GROUP

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
France	2,041	2070	-1.4%
Mining	364	253	+43.9%
Front End	316	282	+12.1%
Back End	1,178	1,305	-9.7%
Corporate and other operations	183	230	-20.4%
Europe (excluding France)	631	760	-17.0%
Mining	127	225	-43.6%
Front End	272	258	+5.4%
Back End	230	272	-15.4%
Corporate and other operations	2	5	-60.0%
North and South America	791	830	-4.7%
Mining	256	273	-6.2%
Front End	306	318	-3.8%
Back End	229	239	-4.2%
Corporate and other operations	0	0,	ns
Asia-Pacific	900	900	+0.0%
Mining	690	620	+11.3%
Front End	123	232	-47.0%
Back End	88	46	+91.3%
Corporate and other operations	0	2	-100%
Africa & Middle East	39	98	-60.2%
Mining	15	77	-80.5%
Front End	20	16	+25.0%
Back End	4	5	-20.0%
Corporate and other operations	0	0	ns
TOTAL	4,401	4,658	-5.5%

1.2.5 Basis of preparation of the financial statements

The constitution of the group is the result of the partial contribution of AREVA SA assets to its subsidiary, New AREVA Holding SA, approved on November 3, 2016, ultimately without any change in AREVA's control of the contributed operations. This transaction involving the combination of entities under common control is excluded from the scope of IFRS 3 application ("Business Combinations") and was therefore recognized based on historical carrying amounts as they appear in AREVA's consolidated financial statements.

It includes two parts, described hereunder in terms of accounting treatment:

- "Legal Restructuring" consisting of transferring the nuclear fuel cycle operations of AREVA SA to New AREVA Holding SA. The group's consolidated financial statements for the year ended December 31, 2016 include historical carrying amounts in AREVA's consolidated financial statements for operations (carved-out subsidiaries, units, and assets and liabilities) attached to the legal entities contributed to New AREVA Holding SA on November 10, 2016. This transaction was recognized retroactively at January 1, 2015, date of recapture of the historical carrying amounts. Operations related to the nuclear fuel cycle included in the legal entities not directly or not indirectly controlled by New AREVA Holding SA at December 31, 2016 are therefore not included in the group's consolidated financial statements at December 31, 2016 (see Context of the forming of the New AREVA Holding group);
- "Financial Restructuring": these transactions, associated with the changes made to the methods of financing the New AREVA Holding group's transactions with a view to a loss of AREVA SA's control of New AREVA Holding, were recognized in their historical amounts on the date they were carried out, i.e. November 10, 2016. These transactions include the transfer of bond debt and of current accounts between AREVA SA and the entities of the New AREVA Holding scope of consolidation, and a contribution of cash.

The assets and liabilities appearing in the comparative financial statements of 2015 reflect historical financial conditions for the operations concerned (financing by AREVA SA current accounts). In 2015, the subsidiaries of the nuclear fuel cycle were financed by AREVA SA and the non-trade accounts and borrowings and loans to associates were not eliminated between the New AREVA Holding consolidation scope and AREVA SA. In 2016, the subsidiaries of the nuclear fuel cycle were funded by New AREVA Holding as from the effective date of the contributions; accordingly, transactions and balances between New AREVA Holding and its subsidiaries are eliminated as from that date.

1.2.6 Backlog

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
Backlog	33,573	30,192	+3,381
For Mining	9,623	9,250	+373
For the Front End	10,997	10,444	+553
For the Back End	12,821	10,376	+2,445
Others	132	122	+10

The group had 33.6 billion euros in backlog at December 31, 2016, an increase of 3.4 billion euros compared with that at December 31, 2015 (30.2 billion euros). The backlog at December 31 does not include contracts for uranium supply, conversion services or enrichment services signed with EDF and NNB in connection with the Hinkley Point C project. Those contracts will be included in backlog in 2017, the "notice to proceed" having been signed in early January.

1.2.7 Statement of Income

1.2.7.1 Revenue

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
Consolidated revenue	4,401	4,658	-257
Mining	1,451	1,447	+4
Front End	1,037	1,106	-69
Back End	1,728	1,867	-139
Corporate and other operations	184	238	-54

The group had consolidated revenue of 4.401 billion euros at December 31, 2016, a decrease of 5.5% compared with 2015.

In 2016, revenue in France totaled 2.041 billion euros, a decrease of 1.4 in relation to 2015. Revenue from international operations totaled 2.361 billion euros over the same period, a decrease of 8.8% in relation to 2015.

1.2.7.2 Gross margin

The group's gross margin was 961 million euros, compared with 615 million euros in 2015.

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
Gross margin	961	615	+346
<i>Percentage of consolidated sales</i>	21.8%	13.2%	8.6 pts.

1.2.7.3 Research and Development

The group's Research and Development expenses represented 90 million euros in 2016, i.e. 2.0% of consolidated revenue. This indicator is down compared with 2015, when they totaled 103 million euros, or 2.2% of revenue, due to greater selectivity in R&D programs.

1.2.7.4 Marketing and sales, general and administrative expenses

The group's marketing, sales, general and administrative expenses totaled 96 million euros in 2016, down from 123 million euros in 2015.

In particular, general and administrative expenses totaled 59 million euros in 2016, in contrast to 76 million euros in 2015. In terms of the ratio to revenue for the period, they fell from 1.6% to 1.3%, reflecting cost reductions efforts connected with the performance plan.

In 2015 and 2016, the group's general and administrative expenses were borne in their entirety by AREVA SA. The general and administrative expenses of New AREVA Holding do not include the costs kept within AREVA SA. They will be borne by New AREVA Holding upon the signature of service agreements between New AREVA Holding SA and its subsidiaries.

1.2.7.5 Other operating income and expenses

Other operating income and expenses represent a net expense of 370 million euros in 2016, compared with a net expense of 482 million euros in 2015. This change is due in particular to the provisions set aside in 2015 for corporate restructuring in the entities of the group involved.

The restructuring costs are described in Note 23 to the consolidated financial statements. Impairment of goodwill, of intangible assets and of property, plant and equipment are described respectively in notes 10, 11 and 12 to the consolidated financial statements.

1.2.7.6 Operating income

The group's operating income totaled 405 million euros in 2016, compared with an operating loss of 93 million euros in 2015. It was impacted in 2016 by the recognition of notable items in the amount of 0.5 billion euros, compared with 1 billion euros in 2015, which had included in particular an additional provision for the Cigéo Project as well as a provision for restructuring regarding social measures undertaken in the entities of the group involved.

In 2015 and 2016, operating income did not include the reallocation of the balance of AREVA SA's unbilled corporate expenses which are to be borne by New AREVA Holding.

1.2.7.7 Share in net income of joint ventures and associates

The share in net income of joint ventures and associates was 10 million euros in 2016, compared with 6 million euros in 2015.

<i>(in millions of euros)</i>	2016	2015
Cominak	4	2
ETC	6	4
Other	-	-
TOTAL	10	6

1.2.7.8 Net financial income

The net financial loss of 512 million euros in 2016 was down compared with the previous period (-231 million euros in 2015). In 2016, it was chiefly impacted by the change of discount rate (4.10% versus 4.50% previously) applied to provisions for end-of-lifecycle operations and to provisions for work still to be performed in the amount of -246 million euros.

<i>(in millions of euros)</i>	2016	2015
Net borrowing costs [(expense) / income]	(219)	(166)
Other financial income and expenses	(293)	(66)
Of which share related to end-of-lifecycle operations	(91)	115
Of which share not related to end-of-lifecycle operations	(202)	(181)
NET FINANCIAL INCOME	(512)	(231)

1.2.7.9 Income tax

The net tax expense was -332 million euros in 2016, compared with net tax expense of -210 million euros in 2015, due to increased operating income.

1.2.7.10 Net income from operations sold or held for sale

Net income from operations sold or held for sale (Canberra, AREVA Beijing Technology, AREVA Federal Services LLC) totaled 70 million euros in 2016, compared with -1 million euros in 2015. It mainly included the capital gain on the sale of Canberra France SAS, sold on July 1, 2016.

1.2.7.11 Net income attributable to minority interests

The share of minority interests in the group's net income was -110 million euros in 2016, compared with 7 million euros in 2015. This share mainly includes the contribution of minority shareholders in the mining and enrichment businesses.

1.2.7.12 Net income attributable to equity owners of the parent

Net income attributable to owners of the parent was -249 million euros in 2016, compared with -536 million euros in 2015. This change is primarily due to the improvement in net income described above.

1.2.7.13 Comprehensive income attributable to owners of the parent

Including recyclable and non-recyclable items, comprehensive income attributable to owners of the group reached -323 million euros in 2016, compared with -382 million euros in 2015.

1.2.8 Cash flows

1.2.8.1 Change in net debt

Items contributing to the change in the group's net debt for the year are presented below. It was calculated according to the French Accounting Board definition (sum of "cash and cash equivalents" less "current and non-current borrowings").

<i>(in millions of euros)</i>	2016
Net debt at the beginning of the period (at December 31, 2015)	(2,080)
Operating cash flow	514
Cash flow from end-of-lifecycle operations	(16)
Cash flow from financing activities	(212)
Cash flow net of the activities of discontinued operations	56
Income tax paid	(174)
Dividends paid to minority interests	(110)
Contribution from AREVA SA to New AREVA Holding (cash, borrowings and financial instruments)	(2,358)
Other items	(8)
At December 31, 2015	
(NET DEBT) / CASH AT THE END OF THE PERIOD	(4,389)
CHANGE IN NET DEBT IN 2016	-2,309

The change in net debt in 2016 thus comes to -2.309 billion euros and is mainly the result of the contribution of bond debt from AREVA SA to New AREVA Holding.

Net cash flow from operating activities amounted to -915 million euros in 2016. This amount consists mainly of the following items:

- cash from financing activities in the amount of -212 million euros;
- cash related to end-of-lifecycle operations in the amount of -16 million euros;
- dividends paid to minority interests of -110 million euros;
- tax disbursements of -174 million euros;
- the contribution of cash and cash equivalents from AREVA SA to New AREVA Holding in the amount of -1.109 billion euros;

Partly offset by:

- positive operating cash flow of 514 million euros; and
- net cash flow from the operations of companies sold or held for sale (Canberra, AREVA Beijing Technology, AREVA Federal Services LLC) in the amount of 56 million euros.

1.2.8.2 Comparative table of operating cash flows and consolidated cash flows

The group analyzes cash flows from operating activities separately from flows relating to end-of-lifecycle operations and other cash flows.

RECONCILIATION OF OPERATING CASH FLOWS AND CONSOLIDATED CASH FLOWS

The following table distinguishes operating cash flows from the other cash flows presented in the consolidated statement of cash flows for 2016.

<i>(in millions of euros)</i>	Operating	End-of-lifecycle operations ⁽¹⁾	Other ²	Total
EBITDA (i)	1,338			
Income from the sale of non-current operating assets and other non-cash operating items (ii)	1			
Cash flow from operations after interest and taxes (i + ii)	1,339	(14)	(418)	907
Change in working capital requirement (iii)	(171)	-	32	(139)
Net cash flow from operating activities (i + ii + iii)	1,168	(14)	(386)	767
Cash from (used in) investing activities, net of disposals (iv)	(522)	(2)	10	(514)
Net cash from (used in) financing activities (v)	(132)	-	(1,410)	(1,542)
Impact of changes in consolidation scope, rates and securities held for trading (vi)	-	-	86	86
Net cash from discontinued operations (vii)	-	-	61	61
Cash flow (i + ii + iii + iv + v + vi + vii)	514	(16)	(1,639)	(1,141)

(1) Includes expenses for end-of-life-cycle operations incurred on-site and for final waste disposal, flows relating to the financial asset portfolio earmarked for end-of-life-cycle operations, and flows resulting from the signature of agreements with third parties for the funding by such parties of a share of end-of-life-cycle operations.

(2) That is, non-operating cash flows unrelated to end-of-lifecycle operations and mainly corresponding to financial cash flows, including cash flows related to exceptional external growth operations, dividends paid, and cash flows of a tax nature.

1.2.8.3 Operating cash flow

2016 AND 2015

<i>(in millions of euros)</i>	EBITDA		Change in operating working capital requirement (WCR)		Net operating CAPEX		Operating cash flow	
	2016	2015	2016	2015	2016	2015	2016	2015
Mining	747	607	(105)	(61)	(137)	(186)	510	351
Front End	354	389	(136)	(196)	(323)	(273)	(109)	(78)
Back End	300	312	98	293	(190)	(160)	208	445
Corporate and other operations	(64)	(10)	(28)	60	(4)	(0)	(95)	52
TOTAL GROUP	1,338	1,297	(171)	96	(654)	(619)	514	770

1.2.8.3.1 EARNINGS BEFORE INCOME TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA was up in relation to 2015, rising from 1.297 billion euros in 2015 to 1.338 billion euros in 2016.

1.2.8.3.2 CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT (WCR)

The change in operating WCR was unfavorable, as expected, at -171 million euros in 2016 compared with +96 million euros in 2015, which had benefitted from the recognition of a customer payment in the Back End regularizing previous services.

1.2.8.3.3 NET OPERATING CAPEX

The group's net operating Capex totaled 654 million euros in 2016, compared with 619 million euros in 2015. The decrease of productive investments was more than offset by the acquisition of minority interests in subsidiaries of the Tricastin platform.

1.2.8.3.4 OPERATING CASH FLOW

As a consequence of the items described above, operating cash flow was down by 256 million euros compared with 2015 (514 million euros in 2016 compared with 770 million euros in 2015).

1.2.8.4 Cash flows related to end-of-lifecycle operations

Cash flows for end-of-life-cycle operations totaled -16 million euros in 2016, compared with -148 million euros in 2015.

1.2.8.5 Consolidated statement of cash flows

The group's condensed consolidated statement of cash flows is presented below.

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
Cash flow from operations before interest and taxes	1,214	981	+233
Interest expense and taxes paid	(308)	(352)	+44
Cash flow from operations after interest and taxes	907	629	+278
Change in working capital requirement	(139)	225	-364
Cash from operating activities	767	854	-87
Cash used in investing activities	(514)	(644)	+130
Cash from (used in) financing activities	(1,542)	470	-2,012
<i>Impact of foreign exchange movements</i>	86	(23)	+109
Cash from operations sold, discontinued or held for sale	61	31	+30
INCREASE (DECREASE) IN NET CASH	(1,141)	689	-1,830
Net cash at the beginning of the period	2,523	1,835	688
NET CASH AT THE END OF THE YEAR	1,382	2,523	-1,141

1.2.8.5.1 CASH FLOW FROM OPERATING ACTIVITIES

Net cash from operating activities went from 854 million euros in 2014 to 767 million euros in 2016. This decrease is due to the unfavorable change in working capital requirement, which more than offset the improvement in cash provided by operations

1.2.8.5.2 CASH USED IN INVESTING ACTIVITIES

Net cash from investing activities amounted to -514 million euros in 2016 compared with -644 million euros in 2015, connected with the maturity of the principal strategic investment projects in progress (Georges Besse II and Cigar Lake in particular).

1.2.8.5.3 CASH PROVIDED BY FINANCING ACTIVITIES

Cash provided by financing activities totaled -1,542 million euros in 2016, a net deterioration compared with 2015 (470 million euros).

1.2.9 Balance sheet items

CONDENSED BALANCE SHEET

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Assets		
Net goodwill	1,303	1,272
Net property, plant and equipment and intangible assets	9,155	9,177
End-of-lifecycle assets (third party share)	127	178
Assets earmarked for end-of-lifecycle operations	6,089	6,122
Investments in joint ventures and associates	17	14
Other non-current assets	135	66
Deferred taxes (assets – liabilities)	65	101
Operating working capital requirement	(3,188)	(3,199)
Assets of operations held for sale	23	79
Shareholders' equity and liabilities		
Equity attributable to owners of the parent	(1,016)	1,716
Minority interests	(40)	237
Provisions for end-of-lifecycle operations (New AREVA Holding share)	7,214	6,742
Provisions for end-of-lifecycle operations (third party share)	127	178
Other current and non-current provisions	3,429	3,266
Net borrowings	4,389	2,080
Liabilities of operations held for sale	15	75
Other assets and liabilities	207	51
TOTAL – CONDENSED BALANCE SHEET	14,325	14,345

1.2.9.1 Non-current assets

1.2.9.1.1 Net goodwill

Net goodwill went from 1.272 billion euros at December 31, 2015 to 1.303 billion euros at December 31, 2016, an increase of 31 million euros.

1.2.9.1.2 Net property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets were stable over the period, totaling 9.155 billion euros at December 31, 2016 (compared with 9.177 billion euros at December 31, 2015).

1.2.9.1.3 Other non-current assets

Other non-current assets went from 66 million euros in 2015 to 135 million euros in 2016.

1.2.9.2 Operating working capital requirement

The group's operating working capital requirement (operating WCR) was negative (resource), at -3.188 billion euros at December 31, 2016, compared with -3.199 billion euros a year earlier.

1.2.9.3 Net cash (debt)

The group's net debt totaled 4.389 billion euros at December 31, 2016, compared with 2.080 billion euros at December 31, 2015. This change in net debt is due mainly to the contributions of cash and cash equivalents and of debt from AREVA SA to New AREVA Holding.

RECONCILIATION BETWEEN NET CASH REPORTED IN THE STATEMENT OF CASH FLOWS AND NET CASH (DEBT) REPORTED IN THE STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
Net cash per statement of cash flows	1,382	2,523	-1,141
Short-term bank facilities and non-trade current accounts (credit balances)	53	132	-79
Net cash from (used in) operations held for sale	0,	(9)	+9
Financial instruments and margin calls	49	0	+49
Borrowings	(5,873)	(4,726)	-1,147
NET CASH (DEBT)	(4,389)	(2,080)	-2,309

SCHEDULE OF BORROWINGS

<i>(in millions of euros)</i>	2016	2015	Change 2016/2015
Interest-bearing advances from customers	143	96	+47
Borrowings from lending institutions and commercial paper	564	618	-54
Bond issues	5,006	-	+5,006
Short-term bank facilities and other credit balances	53	132	-79
Financial derivatives	49	10	+39
Other financial liabilities (including finance lease obligations)	59	3,870	-3,811
TOTAL BORROWINGS	7,344	7,494	+1,147

1.2.9.4 Equity attributable to owners of the New AREVA group

Equity attributable to owners of the parent totaled -1.016 billion euros at December 31, 2016, compared with 1.716 billion euros at December 31, 2015. This change mainly reflects the financial restructuring of New AREVA Holding following the contributions from AREVA SA completed on November 3, 2016 in the amount of -2.137 billion euros as well as the effect of comprehensive income attributable to owners of the group for 2016 in the amount of -323 million euros.

1.2.9.5 Assets and provisions for end-of-lifecycle operations

The change in the balance sheet from December 31, 2015 to December 31, 2016 with regard to assets and liabilities for end-of-lifecycle operations is summarized in the table below.

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Assets		
End-of-lifecycle assets	635	500
New AREVA Holding share (to be amortized in future years)	508	322
Third-party share	127	178
Assets earmarked for end-of-lifecycle operations	6,089	6,122
Shareholders' equity and liabilities		
Provisions for end-of-lifecycle operations	7,341	6,920
Provisions for end-of-lifecycle operations (New AREVA Holding share)	7,214	6,742
Provisions to be funded by third parties	127	178

The change in assets and provisions for end-of-lifecycle operations is described in Note 13 to the consolidated financial statements.

1.2.10 Key figures for 2016 by business segment

The New AREVA group mainly combines the nuclear fuel cycle operations lodged within the subsidiaries AREVA Mines and AREVA NC – Mining, Front End (Chemistry and Enrichment) and Back End (Recycling, Logistics, Dismantling and Services) – and the corporate activities provided mainly by AREVA Business Support.

The key figures of the New AREVA group for 2016 by business segment are presented hereunder.

<i>(in millions of euros)</i>	2016	2015	Change 2016 / 2015
Backlog	33,573	30,192	+3,381
- Mining	9,623	9,250	+373
- Front End	10,997	10,444	+553
- Back End	12,821	10,093	+2,728
Revenue	4,401	4,658	-257
- Mining	1,451	1,447	+4
- Front End	1,037	1,106	-69
- Back End	1,728	1,867	-139
- Corporate and other operations*	184	238	-54
Operating income	405	(93)	+498
- Mining	183	188	-5
- Front End	158	101	+57
- Back End	67	(187)	+254
- Corporate and other operations*	(3)	(195)	+192
EBITDA	1,338	1,297	+41
- Mining	747	607	+140
- Front End	354	389	-35
- Back End	300	312	-12
- Corporate and other operations*	(64)	(10)	-54
Operating cash flow	514	770	-256
- Mining	510	351	+159
- Front End	(109)	(78)	-31
- Back End	208	445	-237
- Corporate and other operations*	(95)	52	-147

* Includes the Corporate operations and AREVA Med

The group had 33.6 billion euros in **backlog** at December 31, 2016, an increase of 3.4 billion euros compared with that at December 31, 2015 (30.2 billion euros). The backlog at December 31 does not include contracts for uranium supply, conversion services or enrichment services signed with EDF and NNB in connection with the Hinkley Point C project. Those contracts will be included in backlog in 2017, the “notice to proceed” having been signed in early January.

- In Mining, the backlog was 9.6 billion euros, a slight increase over the period (9.3 billion euros at the end of 2015).
- In the Front End (Chemistry and Enrichment), the backlog totaled 11 billion euros (compared with 10.4 billion euros at the end of 2015).
- In the Back End (Recycling, Logistics, Dismantling and Services, and International Projects), the backlog amounted to 12.8 billion euros, an increase from December 31, 2015 (10.1 billion euros).

The New AREVA group's **revenue** totaled 4.401 billion euros in 2016, down 5.5% compared with 2015 (4.658 billion euros).

- Mining revenue was stable compared with last year, amounting to 1.451 billion euros (+0.3%). Foreign exchange had a positive impact of 26 million euros over the period, offsetting the downturn in volumes sold over the period.
- Front End revenue totaled 1.037 billion euros, a decrease of 6.2% year on year. This change is explained by a less favorable price effect for SWU sales (enrichment) and for materials sales (UF₆) related to the drop in market prices, and by decreased SWU volumes sold over the period.
- Back End revenue amounted to 1.728 billion euros, a decrease of 7.4% compared with 2015. This change in revenue is due to a lower level of activity on International Projects and to an unfavorable contract mix in the Recycling operations.

- Revenue from “Corporate and other operations” was 184 million euros at the end of 2016, compared with 238 million euros at the end of 2015.

The New AREVA group's **EBITDA** at the end of 2016 rose slightly compared with the end of 2015 (1.338 billion euros compared with 1.297 billion euros). Against difficult market conditions for uranium, conversion and enrichment, this performance is explained in particular by the positive effects of the performance plan implemented starting in 2015.

- Mining EBITDA was 747 million euros, compared with 607 million euros for the same period in 2015, because of higher production volumes, particularly with the ramp-up of the Cigar Lake mine in Canada, the reduction of supply chain costs and the effects of the competitiveness plan.
- In the Front End, EBITDA amounted to 354 million euros compared with 389 million euros in 2015, which had benefitted from additional sales made at very low marginal cost. This change is explained by the impact of a less favorable sales mix, offset only in part by cost reductions resulting from the performance plan.
- The Back End had EBITDA of 300 million euros, down 12 million euros compared with December 31, 2015, with the results of the competitiveness plan partly offsetting the unfavorable impact of the contract mix in the Recycling and Dismantling & Services operations.
- EBITDA from “Corporate and other operations” of the New AREVA group was -64 million euros, compared with -10 million euros at the end of 2015. This change is explained chiefly by expenses in 2016 connected with the Voluntary Departure Plan in France.

The New AREVA group's **operating income** totaled 405 million euros at December 31, 2016, compared with -93 million euros at the end of 2015.

- In Mining, operating income was nearly stable compared with the end of 2015, totaling 183 million euros at December 31, 2016. In addition to the favorable operating items described to explain the change in EBITDA, operating income was impacted by impairment in the amount of 316 million euros of certain mining assets relating to the Imouraren mine in Niger, as a result of the drop in uranium prices. Impairment of 194 million euros had been recognized in 2015.
- In the Front End, operating income was 158 million euros, compared with 101 million euros in 2015. Related with the decline of market indicators, Front End operating income was impacted:
 - in 2015 by inventory write-downs and by provisions for contingencies in the amount of 198 million euros;
 - in 2016 by inventory write-downs and by provisions for losses at completion for a SWU purchase contract in the total amount of 98 million euros.
- The Back End recorded operating income of 67 million euros in 2016, an improvement of 254 million euros compared with the end of 2015, which had been impacted by an additional provision of 250 million euros for the Cigéo Project.
- Operating income from “Corporate and other operations” amounted to -3 million euros in 2016, compared with -195 million euros in 2015, which had included provisions for social restructuring undertaken in certain entities of the New AREVA group. It does not include the reallocation of the balance of AREVA SA corporate expenses not passed through but intended to be borne by the New AREVA group.

The New AREVA group's **operating cash flow** totaled 514 million euros in 2016, down 256 million euros compared with 2015. In addition to the explanations relative to the change in EBITDA (see above), this decrease is explained among other things by:

- An unfavorable change in WCR, as expected, of -171 million euros at December 31, 2016, compared with 96 million euros in 2015, which had benefitted from the recognition of a customer payment in the Back End regularizing previous services;
- The increase in net CAPEX, which reached -654 million euros in 2016 compared with -619 million euros in 2015. The decrease of productive investments was more than offset by the acquisition of minority interests in subsidiaries of the Tricastin platform.

1.3 Research and development activities

1.3.1 For the company

The company did not conduct any research and development activities during the year.

1.3.2 For the New AREVA group

At the level of the New AREVA group, the principal research and development programs concerned:

- development and upgrading of production capabilities in the front end of the cycle;
- preliminary design of new treatment and recycling plant processes, and maintenance and performance improvement at existing plants;
- development of new shipping casks for nuclear materials and waste;
- development of methods and tools to support dismantling activities.

Key figures

Research and development expenses are capitalized if they meet the capitalization criteria established by IAS 38 and are recognized as research and development expenses if they do not. In the income statement, research and development expenses appear below gross margin and represent non-capitalizable expenses incurred exclusively by the group; expenses relating to programs funded wholly or partially by customers, together with projects carried out in partnerships where the New AREVA group has commercial rights of use of the results, are recognized in the cost of sales. The total research and development expenditure consists of the combination of amounts spent on research and development, whether capitalized or expensed during the period.

Research and Development expenses, excluding mineral exploration and mining study expenses, represented 58 million euros in 2016, or 1.31% of the New AREVA group's revenue. This indicator is down compared with 2015, when Research and Development expenses excluding mineral exploration and mining studies at constant consolidation scope were 68 million euros, or 1.45% of revenue.

	2016	2015
<i>(in millions of euros)</i>		
Research and development recognized as expenses under gross margin, after RTC⁽¹⁾	90	103
Of which expenses for mineral exploration and mining studies	32	35
Research and development recognized as expenses under gross margin, excluding expenses for mineral exploration and mining studies, after RTC⁽¹⁾	58	68
RTC ¹	18	23
Research and development recognized as expenses under gross margin, excluding expenses for mineral exploration and mining studies, before RTC⁽¹⁾	76	91
Capitalized research and development costs	9	3
TOTAL	85	94
Number of registered patents	14	24
<i>(1) Research tax credit.</i>		

Taking into account capitalized development costs, the total research and development expenditure was 85 million euros in 2016, representing 1.93% of the revenue for the period, down from 2015, when it represented 2.02% of revenue.

1.4 Key non-financial performance indicators related to the company's specific activities

2016		
Consumption		
Quantity of energy consumed (MWh)		2,195,958
Quantity of water tapped (m ³)		10,804,624
Conventional waste		
Total tonnage of conventional waste (normal and exceptional operations)		23,038
Quantity of hazardous waste (MT) related to normal operations		5,963
Quantity of non-hazardous waste (MT) related to normal operations		7,702
Releases		
Direct greenhouse gases (MT CO ₂ e)	✓ ⁽¹⁾	363,679
Indirect Scope 2 greenhouse gases		167,231
Volatile organic compounds (MT VOC)		1,105

⁽¹⁾ Indicator subject to reasonable assurance.

1.5 Foreseeable developments and future prospects

1.5.1 Current situation

Nuclear energy markets

The first commercial nuclear power programs were launched in the mid-1960s in the United States and in the early 1970s in Europe. In the 1970s, with fears of fossil fuel shortages rising (oil shock), several countries decided to reduce their dependency on imported energy by launching the development of nuclear power programs. The 1970s and 1980s saw a sharp rise in these programs, as shown below. Strong initial growth slowed when the public became concerned after the accidents at Three Mile Island in 1979 and Chernobyl in 1986. As a result, whereas 399 reactors had been built over the 1970 to 1990 period, installed capacity rose by only 22.9% over the 1990 to 2016 period. As the vast programs initiated in North America and Western Europe subsided, the growth of the global reactor fleet picked up in Eastern Europe and Asia. Following the Fukushima accident in Japan caused by a tsunami in March 2011, the installed fleet strengthened the security of cooling water supply in the event of an accident and set up new safety measures to cope with such events.

Global installed nuclear generating capacity is estimated at 391 GWe in 2016, slightly more than in 2015.

The figure below shows the breakdown of global installed nuclear generating capacity (in net GWe).

At December 31, 2016, a total of 449 reactors representing 412 GWe (391 net GWe) were in service in 31 countries, including the world's largest energy consuming regions.

With about 41% of the global fleet, the installed base in Europe and the Commonwealth of Independent States (CIS) is preeminent, ahead of North America, which represents about 26% of the fleet. However, most of the medium-term growth potential for nuclear power (2017-2018) is located in Asia (China, South Korea and India) and, to a lesser extent, in the countries of the CIS.

Nuclear power continues to grow around the world, led mainly by China, Russia, South Korea and India, as well as by a number of countries which are examining the nuclear option as a new component of their energy mix. According to the IAEA and the World Nuclear Association (WNA), 60 reactors were under construction worldwide at the end of 2016 (compared with 66 at the end of 2015); 165 reactors were in project or on order (compared with 158 at the end of 2015, 170 at the end of 2013, 165 at the end of 2012 and 152 at the end of 2011); and more than 300 more are planned in the coming years.

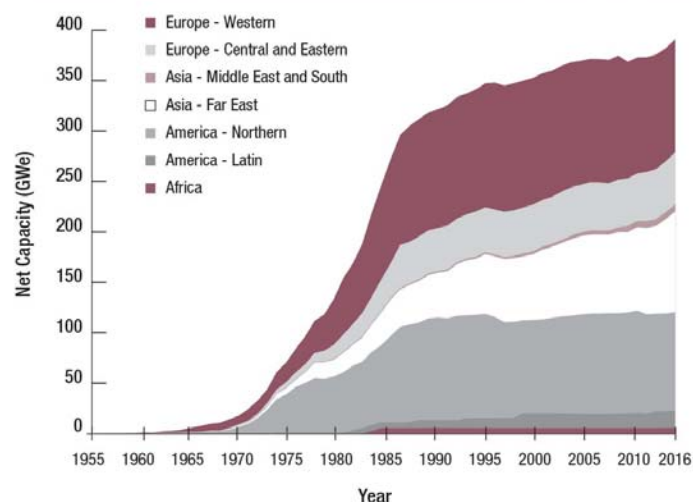
Outlook for installed nuclear generating capacity

Nuclear power's recognized advantages include its competitiveness and cost predictability, security of supply, and the reduction of greenhouse gas emissions. These advantages are expected to lead to the modernization and optimization of existing reactors to further increase their safety and possibly available capacity. They are also expected to contribute to new reactor construction to replace or expand installed generating capacity worldwide, and thus to be a potential source of long-term growth for all nuclear fuel cycle operations.

With the prospect of increasing reliance on nuclear power over the years to come, especially in emerging countries, the International Atomic Energy Agency (IAEA) is seeking to promote the establishment of a new framework to respond effectively to demand from different countries while still limiting the risks of proliferation. For example, the IAEA is leading the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO) to anticipate the specific needs of developing countries and to help emerging countries acquire the necessary infrastructure for a nuclear power program. At the same time, the IAEA is working to establish mechanisms to guarantee fuel supply and related services so that nuclear facilities which are sensitive in proliferation terms do not come into being. Lastly, following the Fukushima accident, the IAEA adopted a multi-disciplinary Nuclear Safety Action Plan to further improve nuclear safety in global nuclear power production.

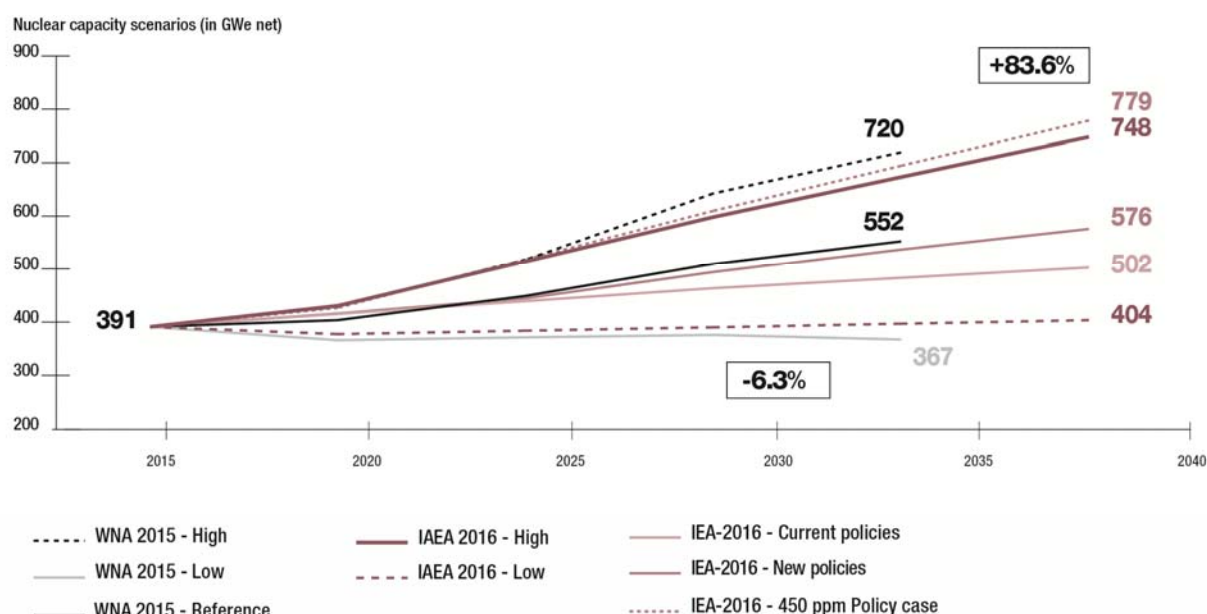
In France, the law on the energy transition and green energy adopted by Parliament in July 2015 sets a ceiling on installed capacity in France of 63.2 GWe and sets an objective for reducing nuclear's share of power production to 50% by 2025. Methods of implementation are still being defined at this time.

WORLD INSTALLED NUCLEAR GENERATING CAPACITY (IN NET GWE)



Sources: IAEA PRIS Database.

The figure below shows scenarios for the development of nuclear generating capacity (in net GWe).



Sources : IAEA, WNA, International Energy Agency.

1.5.2 2017 outlook

Capital increases of the company

The General Meeting of Shareholders of the company of February 3, 2017 decided on the capital increases described in paragraph 1.6 below, to be carried out in two stages, subject to (i) the signature of the investment agreement and of the shareholders' agreement between JNFL, MHI, the company, the French State and AREVA SA and of the trust agreement between CACIB, JNFL, MHI and the company, as authorized by the company's Board of Directors on January 26, 2017, and (ii) fulfillment of the conditions precedent provided by the above-mentioned investment agreement.

- firstly, and concomitant with the AREVA SA capital increase, the French State would subscribe to a reserved capital increase in the amount of approximately 2.5 billion euros; and
- secondly, the above-named strategic investors would subscribe to a capital increase reserved for them in the amount of approximately 500 million euros, it being stated that between these two capital increases, the contribution from the strategic investors would be placed in a trust and the trust amount released by the trust company (CACIB) upon ascertainment of the fulfillment of the conditions precedent.

As indicated in Section 1.6.1 hereunder, the investment agreement and the shareholders' agreement related to the acquisition of an equity stake in the company by JNFL and MHI were signed on March 21, 2017.

Following the capital increase reserved for the French State, and subject to its completion, AREVA SA would hold a minority interest in the company of approximately 44% of the capital and of the voting rights, leading to the loss of AREVA SA's control of the company, and the French State would hold the direct majority of the share capital of the company.

As a reminder, the objective of this capital increase is to enable the company to meet its financial obligations and to develop, before being in a position in the medium term to refinance on the markets.

Financial outlook of the New AREVA group for the year in progress

Over the course of 2017, AREVA SA is expected to lose the control of New AREVA Holding following the completion of the capital increase of the latter, reserved for the French State. Consequently, at that time, the New AREVA group's cash will no longer be included in the AREVA group's cash.

In 2017, the income of 2.5 billion euros from the capital increase subscribed by the French State and the income of 500 million euros from the capital increase subscribed by JNFL and MHI in the second half, during the sale of New NP, added to the cash position of 1.4 billion euros at December 31, 2016, should enable the New AREVA group to meet the following expenses:

- net cash flow from the New AREVA group's operations of between -1.0 billion euros and -1.5 billion euros, including an addition to the funds earmarked for end-of-lifecycle operations in the amount of 0.8 billion euros (in order to move towards a coverage rate of 100%);
- reimbursement of the bond issue in the amount of 0.8 billion euros at its maturity date of October 5, 2017;
- bank loan payments related to the financing of Georges Besse II in the amount of 0.1 billion euros.

Thus, the New AREVA group's closing cash at the end of 2017 would be between 2.0 and 2.5 billion euros, enabling it to meet its financial obligations and to develop, before contemplating – in the medium term and if market conditions permit – refinancing on the markets.

In the event that the New AREVA Holding capital increase were to be delayed, which would translate into keeping its cash in the AREVA group's cash pool, the company could rely on a shareholder advance of 1.3 billion euros (New AREVA group's share out of a total of 3.3 billion euros in advances from the shareholder current account to be granted by the French State to AREVA SA and to the New AREVA group).

On February 3, 2017, an agreement was signed for that purpose by the company and the French State for an advance in the amount of 1.3 billion euros from the shareholder current account, with draws possible starting August 1, 2017, if the capital increase of the company has not been subscribed by the French State by that date. For more information on this advance, please refer to Section 1.6.1.

1.6 Significant events since the date of closing

1.6.1 Significant events between the date of closing and the date of preparation of the Management Report

Authorization by the European Commission

On January 10, 2017, at the end of the review of the case file by the European Commission, the latter authorized the French State's participation in the capital increases of AREVA SA and of the company, finding in particular that (i) the planned aid measures enable the group's return to long-term viability, (ii) the group is contributing significantly to the costs of its restructuring and (iii) the compensatory measures proposed by the group are sufficient and adequate.

The European Commission's authorization is conditioned on the fulfillment of the following two preconditions:

- the Autorité de sûreté nucléaire's finding on the results of the demonstration program concerning the issue of carbon segregation identified in the parts of the EPR reactor vessel of the Flamanville 3 project, without calling into question the suitability for service of the vessel parts due to that segregation or, alternatively, a decision by EDF duly notified to the AREVA group in view of the sale of New NP to waive the condition precedent related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in the parts of that reactor's vessel; and
- the European Commission's authorization of the merger between EDF and New NP.

Moreover, the European Commission's authorization is accompanied by a certain number of commitments on the part of the AREVA group until the end of its restructuring plan, i.e. the end of 2019. In particular, they cover the obligation not to carry out acquisitions of equity interests in companies which the AREVA group does not already control (except for (i) a certain number of already identified projects and (ii) after the European Commission's authorization of projects that would be necessary to its return to viability), and the

obligation to withdraw completely from reactor and fuel assembly operations. By that date, neither AREVA nor the company will have a capitalistic relationship with New NP.

Rescue aid

On January 10, 2017, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA SA in the amount of 1,999,999,998 euros and the other for the company in the amount of 1.3 billion euros, to enable the AREVA group to meet its financial obligations until the effective completion of the capital increases of AREVA SA and the company.

These advances from the shareholder current account, to be credited to the amount of the above-mentioned capital increases reserved for the French State, will be reimbursed by converting the State's receivable into capital within the framework of those capital increases, subject to the fulfillment of the two preconditions described above.

During its meeting of February 3, 2017, the Board of Directors authorized the signature by the company of the agreement for an advance from the shareholder current account with the State.

The agreement for an advance from the shareholder current account was signed by the company and the French State on the same day.

The principal characteristics of this advance are as follows:

- Date of draw: starting August 1, 2017, in the event that the capital increase of the company has not yet been subscribed by the French State as of that date.
- Type of return: 1-year Libor plus 450 bps;
- Maturity: the earlier of (i) the date of the capital increase of the company subscribed by the French State or (ii) June 30, 2018.

Capital increases of the company reserved for the French State and for Japan Nuclear Fuel Limited and Mitsubishi Heavy Industries

On January 26, 2017, the company's Board of Directors authorized the signature of the investment agreement and of the shareholders' agreement between Japan Nuclear Fuel Limited, Mitsubishi Heavy Industries, the French State and AREVA SA and of the trust agreement between CACIB, Japan Nuclear Fuel Limited, Mitsubishi heavy Industries and the company. For more information on these agreements, please refer to the Board of Director's report prepared for the Extraordinary General Meeting of Shareholders of February 3, 2017.

On February 3, 2017, the Extraordinary General Meeting of Shareholders decided, subject to the conditions precedent, in favor of (i) the signature of the investment agreement and of the shareholders' agreement between Japan Nuclear Fuel Limited, Mitsubishi Heavy Industries, the company, the French State and AREVA SA and of the trust agreement between CACIB, Japan Nuclear Fuel Limited, Mitsubishi Heavy Industries and the company, whose signature was authorized by the company's Board of Directors on January 26, 2017, and (ii) the fulfillment of the conditions precedent upon completion of the capital increase that was the subject of the second resolution provided by the above-mentioned investment agreement:

- a capital increase in the total amount of 2,500,206,062.70 euros, including share premium, through the issue of 132,076,390 new ordinary shares with a par value of 0.50 euros per share accompanied by a share premium of 18.43 euros per share, reserved for the French State;
- a capital increase in the total amount of 250,020,606.27 euros, including share premium, through the issue of 13,207,639 new ordinary shares with a par value of 0.50 euros per share accompanied by a share premium of 18.43 euros per share, reserved for JNFL and/or any associate of JNFL, defined as any entity controlled by JNFL under the meaning of article L. 233-3 of the French Commercial Code; and
- a capital increase in the total amount of 250,020,606.27 euros, including share premium, through the issue of 13,207,639 new ordinary shares with a par value of 0.50 euros per share accompanied by a share premium of 18.43 euros per share, reserved for MHI and/or any associate of MHI, defined as any entity controlled by MHI under the meaning of article L. 233-3 of the French Commercial Code.

The Extraordinary General Meeting of Shareholders of February 3, 2017 also delegated all powers to the Board of Directors for purposes in particular of:

- formally recording, as appropriate, the fulfillment of the conditions precedent referred to above; and
- carrying out the capital increases referred to above.

Moreover, completion of the company's capital increases is subject to the consent of third parties (including the AREVA group's banking partners) on the change of control of the company.

In addition, subject to the condition precedent of the completion of the capital increase reserved for the French State, the Extraordinary General Meeting of Shareholders decided to revise the company's Articles of Association in full in order to adapt them in preparation for the acquisition of equity stakes by investors in the framework of the above-mentioned capital increases and to bring them into compliance with the provisions of order no. 2014-948 of August 20, 2014 related to governance and to operations on the share capital of publicly owned companies.

Following this capital increase reserved for the French State, and subject to its completion, AREVA SA would hold a minority interest in the company of approximately 44% of the capital and voting rights, leading to the loss of AREVA's control of the company.

Following the receipt of firm offers on December 15, 2016 and the announcement of February 3, 2017, the investment agreement and the shareholders' agreement related to the investment of JNFL and MHI in the share capital of the company were signed and entered into force on March 21, 2017.

As indicated previously, these acquisitions of equity stakes in the amount of 5% of the company's share capital for each of the partners corresponds to an investment of approximately 250 million euros each, i.e. a total of approximately 500 million euros.

The investment of JNFL and MHI are part of the company's overall restructuring plan, which includes a total capital increase of approximately 3 billion euros carried out in two stages, as indicated in paragraph 1.5.2 above.

Developments in China

On February 21, 2017, CNNC and the company signed a framework agreement for industrial and commercial cooperation concerning nuclear fuel cycle operations. This contract bolsters the industrial negotiations in progress between the company and CNNC and opens the door to new industrial and commercial prospects between the two countries.

Acquisition of all of the shares of the AREVA Projects company

On January 1, 2017, the company acquired from the AREVA NP company all of the shares of the AREVA Projects company, a simplified joint stock company with capital of 12,768,700 euros, whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie and which is listed on the Nanterre business register under number 817 439 524. AREVA Projects is a company specializing in nuclear fuel cycle engineering.

Signature of a strategic agreement in Kazakhstan

On April 10, 2017, the AREVA company and Kazatomprom signed an agreement aimed at strengthening their historical cooperation in the uranium mining sector in Kazakhstan.

This agreement, which responds to the interests of Kazakhstan and France, opens up new prospects for the development and reinforcement of the effective operations of Katco, a joint venture between AREVA Mines (51%) and Kazatomprom (49%). It will provide added value to the company's two shareholders.

1.6.2 Important events between the date of report preparation and the date of the General Meeting of Shareholders

Sale of 35% of IAN Group

The company plans to sell to the AREVA NP company its 35% interest in the capital of IAN Group, a Swiss company established in October 2015 whose activity consists of providing experts to carry out technical support services on site in connection with installation and start-up work of AREVA NP's major projects. In fact, the creation of two independent organizations between the company and AREVA NP involves the transfer of the company's interest in IAN Group to AREVA NP.

1.7 Description of major risks and uncertainties confronting the company

1.7.1 Risks related to the restructuring plan

1.7.1.1 Risks related to the non-execution or delay of the capital increases of the company

In the context of the restructuring plan, it is planned to carry out (i) a capital increase reserved for the French State and (ii) a capital increase reserved for strategic investors, in the total amount of approximately 2.5 billion euros, as more fully described in Section 1.6.1 above.

While the above-mentioned capital increases were authorized by the General Meeting of Shareholders of the company on February 3, 2017, these transactions remain dependent in particular on the fulfillment of the preconditions accompanying the European Commission's authorization, in conformance with European regulations on State aid, described in Section 1.6.1 above.

The New AREVA group cannot give any guarantee as to the fulfillment of the conditions accompanying the European Commission's decision or as to the date of their fulfillment.

If the conditions were not to be fulfilled within the expected period of time, the execution of the above-mentioned capital increases and the implementation of the restructuring plan would be compromised, which would have a significant unfavorable impact on the company's operations and financial position such that it might not be in a position to meet its cash requirements.

In particular, in the event of a significant delay in the effective completion of the company's capital increases or in the event that said capital increases are not completed, the company could be unable to reimburse the advance in the amount of 1.3 billion euros from the shareholder current account of the French State, authorized by the European Commission by a decision of January 10, 2017, if this advance were to be drawn.

Furthermore, the structural and/or behavioral measures accompanying the European Commission's authorization of January 10, 2017, aimed at limiting potential distortions of competition resulting from the authorized aid (compensatory measures), could reduce the benefits expected from the restructuring plan and have a significant unfavorable impact on the company's operations and financial position.

1.7.2 Legal risks

1.7.2.1 REGULATORY RISK

The group conducts its operations under operating licenses and permits, in accordance with local laws. In particular, these operations require licenses relating to production capacities and to environmental releases from the facilities. In conducting its operations, the group must comply with applicable legislation and regulations, in particular concerning the protection of the environment, employees, public health and nuclear safety, and with its operating licenses and permits. The operator may be subject to sanctions, including administrative sanctions, in the event of an incident or lack of compliance with applicable regulations or operating permits and licenses. Such sanctions may include, among others, the temporary suspension of operations or measures to enforce compliance or to restore normal conditions. In addition, damage to the environment, to public health or to occupational safety, or the non-compliance of the group's facilities could result in liabilities for some of the group's entities with regard to third parties and government agencies.

Moreover, a strengthening of or change in legislation or regulations, particularly in areas such as environmental protection, health and nuclear security, could involve compliance enforcement of the group's facilities, which would likely have a significant impact on the group's operations or financial position. In France in particular, the French Nuclear Safety and Transparency Law of June 13, 2006 ("TSN Law") codified in the Environmental Code requires a periodic reassessment of nuclear safety which is likely to translate into considerable expense for compliance, but this would bolster the facilities' nuclear safety and ensure their long-term viability. Similarly, the order of December 12, 2005, as amended, on pressurized nuclear equipment designed for use in nuclear reactors (the "ESPN Order") strengthens requirements and inspections to take into account nuclear safety and radiation protection requirements incumbent upon the manufacturer, which is responsible for the compliance of this equipment. This is likely to prolong the time needed by the French nuclear safety authority ASN to pronounce the compliance of the most significant pressurized nuclear equipment.

The group may also not receive on a timely basis permits or licenses to modify or expand its industrial operations for which it has applied or may apply, whether in France or abroad, possibly limiting its growth capabilities.

Furthermore, some operations, such as those of the Mining Business Unit in certain countries, are subject to special tax rules whose modification could have a negative impact on the group's financial position.

In addition, the group pays particular attention to regulations with which non-compliance could expose the group to criminal or civil penalties and significantly affect its operations, image and reputation.

1.7.2.1.1 Nuclear and environmental regulations

The group's operations are subject to constantly changing and increasingly stringent national and international regulations in the nuclear and environmental fields. The list of the group's regulated nuclear facilities (see *Glossary*) or similar facilities is presented in the table in below.

NUCLEAR FACILITIES FOR WHICH ENTITIES OF THE GROUP HOLD THE OPERATING PERMIT OR LICENSE

The main nuclear facilities to date, whether classified as regulated nuclear facilities in France (INB) or their corollaries in other countries, are listed below.

Location	Business Unit	Legal entity holding the license	Description
Malvési, France	Chemistry	AREVA NC	Packaging and storage of radioactive substances
Tricastin, France	Chemistry	AREVA NC	Preparation of UF ₆
Tricastin, France	Chemistry	AREVA NC	Conversion of enriched uranium-bearing materials (U ₃ O ₈)
Tricastin, France	Chemistry	AREVA NC	Analytical laboratory
Tricastin, France	Chemistry	AREVA NC	Tricastin uranium staging areas
Tricastin, France	Enrichment	Eurodif Production	Georges Besse gaseous diffusion enrichment plant
Tricastin, France	Enrichment	SET	Georges Besse II centrifuge enrichment plant
Tricastin, France	Enrichment	Socatri	Plant for uranium recovery and cleanup
Veurey, France ⁽¹⁾	Valuation	SICN	Fuel fabrication plant (undergoing decommissioning)
La Hague, France ⁽²⁾	Recycling / Decommissioning & Dismantling	AREVA NC	Used fuel treatment plants and liquid effluent/ solid waste treatment facilities
Marcoule, France	Recycling	AREVA NC	MELOX MOX fuel fabrication plant

(1) Two INBs at this site are in final shutdown/dismantling status, pending decommissioning.

(2) Seven INBs at this site, including four in final shutdown/dismantling status.

Internationally, the International Atomic Energy Agency (IAEA) and the European Commission have each established a system of nuclear materials safeguards.

Other international agreements adopted under the umbrella of the IAEA govern nuclear safety in the facilities, including the Convention on Nuclear Safety (CNS) and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

With respect to the European Union, the provisions of the Euratom Treaty and its implementing provisions reinforce aspects related to nuclear materials safeguards and established a common set of rules, in particular concerning public health protection, radiation protection of workers and radioactive waste transportation. In France, regulated nuclear facilities (INB, *installations nucléaires de base*) operated by the group fall within a strict legal framework. Because of the risks or drawbacks which these facilities may present for occupational health and safety and for public health, or for the protection of nature and the environment, special authorizations are delivered for the creation, startup, modification, safety review, dismantling and decommissioning of the facilities, and govern in particular rules for nuclear safety, protection of public health and of the environment, and the monitoring of radioactive and non-radioactive releases. The license decrees required for certain operations are granted following a public inquiry and an administrative process requiring the opinion of several organizations. Procedures related to the creation, modification, final shutdown and dismantling of regulated nuclear facilities are set by decree no. 2007-1557 of November 2, 2007 pertaining to regulated nuclear facilities and, in matters of nuclear safety, to the regulation of the transportation of radioactive materials, as amended by decree no. 2016-846 of June 28, 2016. Pursuant to this amended order, the general technical rules applicable to regulated nuclear facilities were strengthened by the order of February 7, 2012 setting the general rules pertaining to regulated nuclear facilities, of which most of the provisions became effective on July 1, 2013. Moreover, the codified provisions of the TSN Law, of law no. 2015-992 of August 17, 2015 on the Energy

Transition for Green Energy ("TECV Law") and of order no. 2016-128 of February 10, 2016 containing various nuclear-related provisions, stipulate administrative and penal sanctions (articles L. 596-14 *et seq.* and articles L. 596-27 *et seq.* of the Environmental Code). In addition, each INB operator must submit an annual information report focusing in particular on the measures taken as concerns nuclear safety and radiation protection, which is made public (article L. 125-15 of the Environmental Code).

Regulated nuclear facilities are monitored closely by the French nuclear safety authority ASN, an independent administrative authority. Operations abroad are subject to the same type of rigorous control, the United States Nuclear Regulatory Commission (NRC) being one example.

In France, some facilities operated by the group are subject to regulations pertaining to environmentally regulated facilities (ICPE), depending on the operations performed or the substances involved. These facilities of the group, which may represent hazards or drawbacks for occupational health and safety, for public health, or for the protection of nature and the environment, are subject to prior reporting to the Prefecture, to a registration process, or to a licensing process. In the last case, the operating license or permit granted upon completion of a public inquiry, after consultation with various organizations, takes the form of a prefectural order accompanied by specific operating requirements.

The group is also subject to regulations pertaining to the protection of its employees, its subcontractors and the public from the hazards of ionizing radiation (radiation protection), in particular by the establishment of exposure limits.

Other national and international provisions govern:

- the protection and safeguarding of nuclear materials, of their facilities and of their transportation, such as the Convention on the Physical Protection of Nuclear Materials of October 28, 1979, the French Defense Code (articles L. 1333-1 *et seq.* and R. 1333-1 *et seq.*), the Euratom Treaty of March 25, 1957 (Chapter VII) and the Euratom Regulation no. 302/2005 of February 8, 2005, the IAEA/France/Euratom Safeguards Agreement (INFCIRC/290 of July 27, 1978), and many international agreements. Compliance with these requirements is regularly verified by inspectors from the IAEA, Euratom and the office of the Senior Defense and Security Official at the French Ministry of Environment, Energy and Oceans (MEEM);
- the safety of facilities of vital importance, as provided in the French Defense Code (articles L. 1332-1 *et seq.* and R. 1332-1 *et seq.*) and national safety directives under the supervision of the Senior Defense and Security Official at the MEEM and the prefectural authorities;
- nuclear facilities contributing to deterrence, as provided in the French Defense Code (article R. 1411-1 *et seq.*), under the supervision of the French deterrence authority;
- the transportation of radioactive materials by land per the Transport of Dangerous Goods Order of May 29, 2009 ("TDG Order");
- the control of cross-border movements of radioactive waste, bearing in mind that the provisions of the Council Directive 2016/117/Euratom of November 20, 2006 on the supervision and control of shipments of radioactive waste and spent nuclear fuel have been transposed into the Environmental Code; see also *Regulations governing radioactive waste*, below.

REGULATIONS GOVERNING END-OF-LIFECYCLE OPERATIONS

Regulations governing dismantling

The legal framework governing the dismantling operations carried out in France mainly derives from the codified provisions of the TSN Law, the TECV Law and the order of February 10, 2016 containing various nuclear-related provisions. In addition, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management of September 5, 1997, adopted under the auspices of the IAEA, contains provisions related to the nuclear facility decommissioning process.

As the holder of licenses and permits for operations and dismantling, the nuclear operator is the legal entity responsible for the operation and dismantling of the facilities. The operator remains responsible for the timing and methods selected to dismantle the facilities it operates, subject to the technical supervision of the French nuclear safety authority ASN, which validates each major stage of dismantling.

The decision authorizing dismantling and specifying its procedures is made by decree following a public inquiry and a process requiring the opinion of several organizations. The decree prescribing dismantling amends the decree authorizing creation (DAC) and in particular sets the characteristics of the dismantling, its time limit for completion, and the types of operations for which the operator is responsible following the dismantling.

Depending on the particular features of each facility, dismantling operations may take several decades, encompassing work execution phases and facility monitoring phases involving practically no operation. Dismantling involves a series of operations, from the shutdown of the nuclear facility to the decision of the competent authorities to decommission the facility, at which time it can generally be put to new industrial use. In France, the group currently has 18 INBs (of which 6 are officially in final shutdown/dismantling and 2 are waiting to be decommissioned), plus 1 INBS which was declassified by a decision of the Prime Minister on July 20, 2016. The level of dismantling selected depends in particular on the expected use of the site that hosts the regulated nuclear facility.

The non-regulatory aspects of the dismantling are addressed in Section 1.7.3.1.8, Risks related to end-of-lifecycle operations.

Regulations governing radioactive waste

In France, the waste generated by nuclear operations or by the dismantling of regulated nuclear facilities is governed in particular by articles L. 542-1 to L. 542-14 of the Environmental Code. At the international level, radioactive waste management falls under the purview of the IAEA's Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management of September 5, 1997. At the European level, Council Directive no. 2011/70/Euratom of July 19, 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste has been transposed into the French Environmental Code by the order of February 10, 2016 containing various nuclear-related provisions.

The producer or the holder of waste from nuclear operations or dismantling operations, as applicable, is obligated to process and dispose of such waste.

Article L. 542-2-1 of the French Environmental Code authorizes the treatment of foreign used fuel and radioactive waste in French facilities under certain conditions, including in particular the signature of intergovernmental agreements indicating an estimated schedule for the receipt and treatment of these substances and, as applicable, the prospects for the later use of the radioactive materials separated during their treatment. Every year, the operator submits a report with an inventory of these substances to the Minister of Energy. Article L. 594-1 of the Environmental Code provides that operators of regulated nuclear facilities must set aside provisions to cover the cost of dismantling the facilities and of managing used fuel and radioactive waste, and allocate the necessary assets to cover those provisions exclusively. In this regard, the regulations specify that the operator must account for the assets separately and that they must be sufficiently secure and liquid to meet their intended purpose. Their realizable value must be at least equal to the amount of the provisions. This earmarked portfolio of assets is protected from all creditors, except the State when it enforces compliance with rules pertaining to nuclear operations. All of these items are verified by a number of different administrative authorities, including the French national commission which assesses the funding of dismantling expenses. Furthermore, financial penalties apply in the event of a failure to comply with all of the obligations related to dismantling expenses.

1.7.2.1.2 Rules of professional ethics

The group attaches special importance to adherence to strict ethical values in connection with its operations.

The corporate code of ethics was revised in 2016 as part of a program for the overall strengthening of compliance. In addition to nuclear safety, the group aims to be exemplary in the fields of:

- corruption prevention,
- compliance with competition laws and regulations,
- financial ethics and compliance,
- compliance with insider trading rules,
- compliance with regulations on the export of dual-use items (export controls)

Occasional deviations from these standards by employees, executive directors or representatives of the group could nonetheless occur which, depending on their severity, could have potential repercussions on New AREVA's reputation and possibly financial costs if for example violations have been committed.

1.7.2.2 Contractual and commercial risks

1.7.2.2.1 Breach of contractual commitments

The group is exposed to the risk of default by its customers for the payment of its products and services and/or by its suppliers for the performance of certain services or for the delivery of certain products.

Except when customers deposit funds to cover the group's expenses during the contract implementation phase, the group is exposed to the risk of a customer's inability to accept delivery or to the risk of default on payments during delivery. In such instances, the group may not be able to recover expenses incurred for the project or to reach the operating margins contemplated when the contract was signed.

Though the group endeavors to control its exposure to contractual risk, it is not possible to guarantee that all risks of non-payment or non-execution can be eliminated.

1.7.2.2.2 Non-renewal or termination of concessions related to the group's mining operations

The mining operations involve concessions received or partnerships formed under legal systems specific to each country. Despite the relatively long terms of these partnerships or concessions, the group is exposed to the risk of non-renewal or termination of its mining concessions.

1.7.2.2.3 Long-term contracts

The group enters into long-term contracts that could limit its opportunity to take advantage of improving conditions in certain markets, or result in lower profitability than anticipated.

In these long-term contracts, prices are adjusted based on general indices rather than current market prices for certain raw materials or services. This type of contract could prevent the group from taking advantage of price increases for those products or services. This is the case for certain natural uranium sales contracts, in particular, or for conversion or enrichment services.

In addition, the profitability of certain long-term contracts in which the group commits to providing deliverables at a fixed price, adjusted based only on general indices, could be affected by certain excess costs that cannot be charged to customers, including unanticipated increases for certain types of costs, technical difficulties, subcontractor default or a suboptimal organization of the group. The performance of this type of contract could therefore reduce the group's anticipated profitability, or even cause an operating loss.

1.7.2.2.4 Warranties

In accordance with the group's practices and policies, the warranties provided in the group's contracts or financing are limited in duration and capped in value, and exclude consequential or indirect damages. However, the group could under certain circumstances give warranties exceeding those limits, particularly in competitive markets.

1.7.2.2.5 Early termination clauses

The group enters into contracts which sometimes include clauses allowing the customer to terminate the contract or reject the equipment if contract clauses concerning schedule or performance have not been met. Difficulties concerning products and services provided under this type of contract could thus result in unexpected costs.

In addition to the above-mentioned negative financial consequences, contract performance difficulties could harm the group's reputation with existing or potential customers, particularly in the nuclear sector.

1.7.2.2.6 Requirements contracts

Some contracts signed by entities of the group, in particular in the Chemistry-Enrichment Business Unit, are for variable quantities, depending on our customers' reactor requirements. These are known as "requirements contracts".

The estimates provided by New AREVA's customers in connection with these contracts may therefore be revised downwards in certain circumstances, with a corresponding reduction in the revenue anticipated by New AREVA for the contracts in question.

1.7.2.3 Risks and disputes involving New AREVA

The company is exposed to the risk of disputes that could lead to civil and/or criminal penalties. The company cannot guarantee that it is not potentially exposed to claims or investigations that could have a significant unfavorable impact on the group's image and financial performance.

1.7.2.3.1 CFMM

A petition for arbitration was submitted to the International Chamber of Commerce on July 28, 2014 against the CFMM company by a partner, Mr. George Arthur Forrest, in which the petitioner challenges the decision of the General Meeting of Shareholders of June 24, 2013 to liquidate the ArevExplo RCA company. CFMM has submitted counterclaims in response to this petition. An arbitration court has been designated and the proceeding is expected to end with a decision in 2017.

1.7.2.3.2 Miscellaneous investigations

The company is also aware of the existence of other preliminary investigations in progress led by the French national financial prosecutor's office. Since these investigations are being carried out in connection with legal proceedings against parties unknown, the company is not currently implicated.

1.7.3 Industrial and environmental risks

By nature, the group's operations carry risk, most notably those performed in the nuclear facilities listed in 1.7.2.1.1. and those performed in its other industrial facilities or during logistics or maintenance operations at its customers' sites. To prevent these risks and limit their consequences, the group has adopted risk management strategies and procedures in line with best practices. If incidents and accidents were nonetheless to occur, in particular due to security breaches or acts of malfeasance, the group could face substantial liability or significant operating cost overruns." In fact, the group's operations require processes that use various toxic chemical compounds and radioactive substances. Such events could have serious consequences, particularly in the event of radioactive contamination and/or irradiation of the environment, of individuals working for the group or of the general public, as well as a significant negative impact on the group's operations and financial position.

If an accident should affect one of the group's plants or the transportation of hazardous and/or radioactive materials, the severity of the accident could be aggravated by various factors that are not under the group's control, such as meteorological conditions, the type of terrain, or the intervention of outside entities.

1.7.3.1 Nuclear risks

1.7.3.1.1 Risks of nuclear origin

Risks of nuclear origin relate to the characteristics of radioactive substances. These risks thus concern all of the group's industrial facilities in which these substances are found, whether regulated nuclear facility, regulated defense nuclear facility, environmentally regulated facility or mining operations.

Risk prevention is based on a systemic and systematic analysis of the risks specific to each facility or activity undertaken and on the definition of means for preventing events of concern, for detecting and managing incidents and accidents, and for limiting their potential consequences, based on defense-in-depth principles. These principles involve a systematic analysis of potential technical, human or organizational failures, and definition and implementation of a series of independent lines of defense to protect against the consequences of those failures.

These principles are implemented during the facility design phase, during the industrial production phase, and during cleanup and dismantling after the end of production operations.

Dissemination of radioactive materials which could lead to contamination

Radioactive materials in solid, liquid or gaseous form may disperse and lead to human and environmental contamination if they are insufficiently contained. Controlling this risk consists above all of limiting the dispersion of those substances from the facilities under all operating conditions, both normal and accidental, as well as after shutdown, in particular by interposing suitable containment barriers and ventilation systems.

Radiation

There is a risk of exposure to radiation whenever a person works in the presence of radioactive materials.

The estimated biological impacts of radiation on the human body are generally expressed in millisieverts (mSv). The annual regulatory limits are as follows:

- in the European Union, 1 mSv per year for the general public above naturally occurring radioactivity, and 100 mSv over five consecutive years for employees, not to exceed 50 mSv in any one year;
- in the United States, 1 mSv per year for the general public and 50 mSv per year for employees;
- in France, the maximum regulatory limit for employees is 20 mSv/year. New AREVA applies this maximum limit to all of its employees and subcontractors in all of its facilities and operations, regardless of the country in which they are located.

Collective protection and monitoring systems are installed to limit radiation at the source and optimize the doses received to levels that are as low as reasonably achievable (ALARA). In addition and if necessary, the working time of operators is limited. The group applies the ALARA principle, which holds that every action will be taken to reduce exposure to radiation as long as it is reasonable from the technical, economic, social and organizational standpoints. The radiation protection departments continually verify compliance with this principle of optimization.

After a job study and approval by the occupational health physician, all operators and workers qualified for work in a radioactive environment receive thorough medical and radiological follow-up. Regular training sessions are held to maintain their knowledge at the appropriate level, in accordance with applicable regulations.

The results achieved (see Appendix 7.9. *Social, environmental and societal responsibility*) testify to the effectiveness of these practices and the good level of radiation protection control in the group.

Criticality

The risk of a criticality accident corresponds to the risk of an uncontrolled chain reaction with a brief and intense emission of neutrons, accompanied by radiation. This risk, should it materialize, would result in irradiation of workers or individuals located near the event, causing lesions proportional in seriousness to the intensity of the radiation received. This risk is addressed in any facility likely to receive fissile materials.

The prevention of this risk is based on limiting the factors leading to uncontrolled chain reactions. This limitation is factored into the design (e.g. equipment geometry) or in operating requirements, (e.g. mass limitation). In areas of facilities representing the greatest risk, prevention measures are strengthened with the use of shielding to sharply reduce the consequences of a potential criticality incident for personnel, and with the installation of a criticality accident detection, alarm and measurement system.

For transportation, nuclear safety and criticality under both normal and accidental operating conditions are verified. Transportation regulations set forth rules for storage during transit, particularly in terms of the criticality risk.

Thermal releases and radiolysis

Matter absorbs the energy produced by intense radiation, which can lead to increase temperatures. The energy is removed to control the temperature increase and prevent the dispersion of radioactive materials. Cooling is provided by redundant cooling systems with heat exchangers and ventilation systems.

Radiolysis corresponds to the decomposition of a hydrogenated compound (especially water) when exposed to radiation, leading to the release of hydrogen. In normal operations, the facilities are designed to limit hydrogen concentrations by flushing the equipment with air. A backup system is added if a loss of normal flushing capacity can cause concentrations to rise to the limit value in a few hours or tens of hours.

1.7.3.1.2 Internal risks that could lead to nuclear risk

As in any industrial activity, facility operations and the presence of personnel also give rise to risk. Since such incidents could affect equipment important to nuclear safety, strong prevention measures are taken in the nuclear industry. Prevention is based on factoring the potential causes of malfunctions into the design or operating instructions and on limiting their possible consequences.

The most frequently encountered conventional risks are:

- risks associated with the handling and use of hoisting, transfer and positioning equipment;
- risks of fire and internal explosion;
- risks related to the use of chemical reagents or toxic raw materials such as HF or UF₆;
- risks associated with the use of pressurized equipment;
- risks associated with utilities (electricity, water, steam, industrial gases, etc.).

These risks are managed using an approach similar to that used for nuclear risk management, depending on the nature of the risk and in compliance with regulatory requirements defined for each technical field: safety systems, fire containment, detection, Atex rules for explosive atmospheres, separation of incompatible chemicals, etc. These technical measures are supplemented as necessary by compliance inspections, periodic verifications and maintenance, and operator training and/or certification.

Measures are also adopted to minimize the consequences of a failure when an incident may have an impact on nuclear safety. Automatic fire detection systems are used for early alerts to employees trained to respond to and extinguish a fire start. Response means are also provided (e.g. fire department in the event of a fire start).

The use of uranium hexafluoride (UF₆) is a risk highly specific to the group's operations

Enrichment operations involve the handling of uranium in the chemical form of uranium hexafluoride (UF₆), which is solid at normal temperatures and pressures and becomes gaseous when heated (sublimation at about 56 °C). This gas can react when it comes into contact with water vapor in the air, forming uranium oxide and hydrofluoric acid, a compound which is highly toxic to humans, plants and animals. In view of the large quantities of UF₆ handled at the production sites, the inherent risks were factored into the design of the facilities (double containment barrier, automated monitoring of high-risk areas, etc.).

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

1.7.3.1.3 External risks that could lead to nuclear risk

Unlike risks of internal origin, it is not always possible to act on risks of external origin related to the facility's environment. However, their origin must be taken into account to reduce and manage their consequences, particularly in terms of radiation. The desired level of protection is ensured by considering in particular unforeseen but highly improbable events in the context of each site.

Earthquake

Earthquakes and their possible repercussions, such as a tsunami, can cause damage that could disable nuclear safety systems.

For facilities in which nuclear materials are handled, the risk of an earthquake is factored into the design of equipment, systems and buildings. Risk analysis consists of demonstrating that no damage affecting the nuclear safety of the facility is likely to occur for the event scenario considered.

Airplane crash

This risk concerns the crash of an airplane or part of an airplane on a facility. Its probability of occurrence depends on the number of aircraft that could reach the site without being detected; its potential severity depends on the type of aircraft and the surface area of sensitive areas in each facility. Each site is located:

- away from controlled airspace,
- away from airspace used by military aircraft, and
- far from any airport.

Safety studies are carried out to assess the risk of an airplane crash, including the risk of deliberate attack, and to determine the means for limiting its consequences (factoring in the organization of airspace use, types of flights, known crash statistics, etc.).

Special measures are taken to protect nuclear facilities from terrorism. These measures have been strengthened under the French national security plan known as "Vigipirate". For security reasons, these measures may not be disclosed to the public.

The risks of adverse meteorological conditions and flooding are factored into the design based on potential local weather conditions. Advance warning is given for any threatening weather conditions, and there are instructions for each facility concerning additional measures to be taken, such as increased monitoring or specific actions.

The possible causes of external flooding (rain, river flooding, breach of levies, tsunami) are factored into the design of the facilities and operating measures. The risk of a thousand-year flood is taken into account, in particular by locating facilities above the thousand-year flood plain.

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

Following the accident at the Fukushima Daiichi nuclear power plant in Japan, in addition to measures taken in the design of the facilities or during operations, supplementary safety assessments (SSA) were carried out to evaluate the facilities' ability to withstand a malfunction. Based on these assessments, special programs to improve the level of facility protection led to work and actions (see Appendix 7.9, Section 2. *Environmental information*). Other measures are being implemented in accordance with regulatory decisions by ASN applicable to the group's nuclear facilities.

1.7.3.1.4 Transportation of radioactive materials

To protect members of the public, property and the environment from the effects of radiation during the transportation of radioactive materials on public lands, the "defense in depth" concept applies to these operations, as it does to other nuclear operations. This concept consists of setting up a series of barriers – safety systems, procedures, technical or administrative controls, etc. – to prevent accidents and limit their consequences. The design of the shipping cask is the main component of this system. As with any nuclear activity, these operations are governed by stringent international regulations.

If the materials transported exceed a certain level of activity set by regulation, the cask must, under normal and accidental operating conditions, provide:

- materials containment,
- constant sub-critical conditions when fissile materials are transported,
- control of radiation intensity, and
- protection from the heat of the materials transported to prevent damage.

The related requirements cover cask design, fabrication, operation and maintenance.

New AREVA's objective is to ensure an optimum level of safety and security during transportation. To accomplish its mission of supervising the group's transportation operations, New AREVA has an organization that analyzes risks, establishes action plans and manages emergencies around the globe. Its tracking center is able to access in real time all necessary information on shipments under its supervision at any moment.

In addition, insurance is taken out for shipments.

1.7.3.1.5 Nuclear safety in the group

Nuclear safety encompasses all of the technical provisions and organizational measures pertaining to the design, construction, operation, shut-down and dismantling of regulated nuclear facilities and to the transportation of radioactive materials, and designed to prevent accidents and limit their consequences.

Nuclear safety is an absolute priority for New AREVA. The group formalized its commitments in the fields of nuclear safety and radiation protection in a Nuclear Safety Charter which aims to ensure a very high level of nuclear safety throughout the operation of its facilities and its services activities. The Charter is founded on the principles hereunder.

Organizational principles: The management of New AREVA and of each of its subsidiaries have set up an organization reflecting the legal provisions of the country involved based on the prime responsibility of the operator. Each site director is responsible for nuclear safety and radiation protection at that site. He or she sets up an appropriate organizational structure to ensure that all legal and regulatory requirements for every aspect of nuclear safety and radiation protection are applied at every affected unit and facility. He or she delegates authority as regards nuclear safety and has the resources to verify implementation of this delegation independently of operating personnel.

Action principles: Nuclear safety applies to every stage in the facility lifecycle, from design to dismantling, and to the services operations. It builds on a nuclear safety culture shared by all personnel and maintained by regular training. In the area of radiation protection, the group is committed to maintaining the exposure of workers and the public to a level as low as reasonably achievable (see Section 1.7.3.1.). The same continuous improvement initiative applies to the reduction of impacts from liquid and gaseous effluents (see Appendix 7.9, Section 2. *Environmental information*).

An organization: In the fields of nuclear safety and radiation protection, the Safety, Health, Security and Environment Department defines, leads and coordinates the group's nuclear safety and radiation protection policy; coordinates regulatory intelligence in the fields of safety and radiation protection; and provides leadership for the network of related experts. It provides the necessary support to the operating entities and steers relations with the regulators.

The General Inspectorate for Nuclear Safety: The General Inspectorate for Nuclear Safety is placed under the responsibility of the Inspector General, who reports directly to the group's Executive Management. It proposes and implements an annual nuclear facility inspection program to prevent any risk that would potentially alter nuclear safety. To perform its duties, the General Inspectorate has:

- a corps of inspectors who perform independent verifications of the operating organization of the facilities; and
- continuous support from the nuclear safety specialists of the Safety, Health, Security and Environment Department.

The Inspector General proposes an annual inspection program which is approved at the highest level. This program ensures that the Nuclear Safety Charter is correctly applied, detects any warning signs of a potential deterioration in nuclear safety performance, and points to necessary improvements to ensure the best level of control.

Subcontracting: Ensuring nuclear safety, health, industrial safety and environmental protection in subcontracted activities is an ever-present concern for the nuclear industry. New AREVA is dedicated to improving the formal conditions for subcontracting and for monitoring subcontracted work. These include applying internal guidelines for compliance with nuclear safety, radiation protection and environmental protection requirements as part of the procurement process. They also include definition of social certification of service providers based on the criteria of nuclear safety, occupational safety, training, professional development and employee satisfaction.

A reporting system: The group endeavors to provide reliable and relevant information enabling an objective assessment of the status of nuclear safety in its facilities. Nuclear events are ranked according to the International Nuclear and Radiological Event Scale (INES), including in countries where no such requirement exists (see Appendix 7.9 Section 2. *Environmental information*). The INES ranks the severity of events from 0 to 7. Level 1 or higher events are of public record.

As per its commitments, the group publishes the Annual Report of the General Inspectorate of Nuclear Safety, both in hard copy and on its website. This report presents the status of nuclear safety and radiation protection in the group's nuclear facilities in France and abroad, as observed through the program of inspections, and draws on analyses of events and on various items identified by nuclear safety specialists as areas for improvement.

In addition, pursuant to article L. 125-15 of the Environmental Code, each of the sites operating the group's nuclear facilities in France publishes an Annual Information Report concerning in particular nuclear safety and radiation protection, and makes it publicly available.

1.7.3.1.6 Protection and safeguard of nuclear materials and facilities

In addition to the measures adopted to prevent the risks of an incident or accident and limit the consequences, sites in possession of nuclear materials must take measures to prevent the loss, theft or diversion of the materials held in the facilities, or any act that might result in their dispersal in the environment. As is done for nuclear safety, the measures taken are based on the concept of defense in depth and rest on three interrelated pillars forming a strong and interconnected whole, which are:

- physical protection to avert, detect, prevent or delay any unauthorized access to the nuclear materials or any act of sabotage that might endanger the public;
- physical monitoring, in which movements of nuclear materials require authorization and are monitored;

- a materials accounting system distinct from physical monitoring, which provides independent control based on the daily accounting of quantities of materials held in each area of the site and of all movements of nuclear materials from one area to another.

The competent authorities, including for France inspectors reporting to the Senior Defense and Security Official of the Ministry of Environment, Energy and Oceans, regularly verify compliance with and proper application of these measures.

1.7.3.1.7 Non-proliferation

Proliferation is the diversion of nuclear materials by a State for non-peaceful purposes.

Non-proliferation is a shared objective of all of the signatory countries of international agreements in this area, in particular the Treaty on the Non-Proliferation of Nuclear Weapons of July 1, 1968. Non-proliferation requirements relate to the physical protection of nuclear materials per the Convention on the Physical Protection of Nuclear Material; to safeguards controls per the Euratom treaty, which established a nuclear materials accounting system; and to inspection by the IAEA and Euratom.

To meet national regulatory requirements for nuclear materials safeguards and facility protection, AREVA takes every measure necessary in this field to know, at all times, the amount, type, use and location of the materials held by the group's entities.

1.7.3.1.8 Risks related to end-of-lifecycle operations

As operators of regulated nuclear facilities (*installation nucléaire de base*, INB) and industrial facilities covered by legislation on environmentally regulated sites (*installation classée pour la protection de l'environnement*, ICPE), the group's legal entities have an obligation to ensure the safety and dismantling of those facilities during their final shutdown, in whole or in part; to remediate the sites; and to manage the products resulting from these operations. Similarly, operators of uranium mines have an obligation to perform closure work, safety-related work and rehabilitation of the mines after their operations have ceased.

The group plans for the dismantling of its new facilities from the beginning of the design phase. Operating experience from facility maintenance, from dismantling operations carried out for its own account or for that of other nuclear operators, and from pilot projects conducted upstream contribute to the safety of dismantling operations. Computer programs were developed to facilitate the adoption of new traceability standards, thus reducing the research necessary for characterization at the end of operations (radiological, physico-chemical, etc.) as well as the impacts of dismantling work.

In France, the law provides a mechanism for ensuring that the operators of INBs have sufficient assets to fund long-term expenses associated with the dismantling of these facilities and/or the management of used fuel and radioactive waste. In the United States, the Decommissioning Funding Plan (DFP) is updated every three years.

Future expenses associated with the end-of-lifecycle operations of nuclear facilities and with the remediation of regulated industrial facilities have been identified, and specific provisions have been constituted by the legal entities which operate those facilities. Rules related to provisions for end-of-lifecycle operations are described in Appendix 7.1. *Notes to the consolidated financial statements*, Note 13. *End-of-lifecycle operations*. The present value of end-of-lifecycle provisions was 7.172 billion euros at December 31, 2016; earmarked assets amounted to 6.354 billion euros at that same date, giving a coverage ratio of 89%.

Provisions for end-of-lifecycle expenditure are based on the group's estimates of future costs, which are by nature based on assumptions (see Appendix 7.1. *Notes to the consolidated financial statements*, Note 13. *End-of-lifecycle operations*). However, it cannot be stated with certainty that the provisions currently set up will be in line with the actual costs ultimately borne by the group, which could be higher than initially estimated, due in particular to changing legislation and regulations applicable to nuclear operations and environmental protection, to their interpretation by the courts, and to developments in scientific and technical knowledge. These costs also depend on regulatory decisions, in particular concerning dismantling methods, and on the choice and cost of solutions for the final disposal of certain types of radioactive waste (see Appendix 7.1. *Notes to the consolidated financial statements*, Note 13. *End-of-lifecycle operations*). It is therefore possible that these future obligations and potential expenses or potential additional future liabilities of a nuclear or environmental nature which the group could have to bear later could have a significant negative impact on its financial position.

The main disruptive risks which could have a significant impact on the cost of end-of-lifecycle liabilities are:

- differences between the initial estimated condition of legacy facilities and waste and their actual condition, as observed during preliminary operational investigations of the facilities;

- changes in regulations or policies, particularly with respect to the target final condition of the facilities and soils after dismantling or the requalification as waste of radioactive materials currently still considered to be reusable;
- the appreciable increase in radioactive waste packaging and disposal costs, particularly for waste destined for geologic disposal (cost of the future Cigéo geologic repository) and for waste for which no final disposal method has yet been identified.

The group holds a portfolio of financial assets (equities, bonds, investment funds and third-party receivables) to fund its future end-of-lifecycle obligations. Because the coverage ratio for end-of-lifecycle liabilities was less than 100% at December 31, 2016, the group has adopted the assumption of an addition to the earmarked fund of approximately 800 million euros in 2017 in order to return to a 100% coverage ratio in 2017, in particular by means of the announced capital increase. Reaching the 100% coverage ratio will also depend on market conditions, which cannot be anticipated (discount rate and yield of earmarked funds recognized at the end of 2017).

However, and despite the group's prudent management strategy for earmarked assets, outside economic factors may have an unfavorable impact on the earmarked assets' coverage of end-of-lifecycle liabilities, and thus the group's financial position. Examples are:

- the unfavorable behavior of financial markets, introducing the risk of a lower yield from the assets than in the assumptions; in particular, the value of the portfolio of securities could decline and/or provide lower yields than is ultimately necessary to cover expenses related to end-of-lifecycle obligations, due to the risk of volatility inherent in capital markets;
- the reduction of the discount rate or any other change in regulations related to the earmarked assets.

Lastly, although the used fuel treatment contracts call for the waste and residues from these operations to be allocated to and ultimately taken back by the original waste producer, as the temporary holder of the radioactive waste produced by its customers, the group could be considered liable if a customer defaults or files for bankruptcy.

1.7.3.1.9 Specific coverage relating to the activities of nuclear facility operator

International nuclear liability law is based on a series of principles that override general liability law. The operator of the nuclear facility causing the damage has prime responsibility. This is known as the principle of exclusive liability channeling to the operator. Its liability is objective ("no fault"), for which there are few exemptions. The operator of a nuclear facility is therefore required to compensate victims for the bodily harm and property damage they have suffered. The operator is required to maintain a financial guarantee, which is generally insurance, to cover its liability, the amount of which is capped.

This system is defined by international agreements such as the Paris Convention on Third Party Liability in the Field of Nuclear Energy of July 29, 1960, as amended, and the Brussels Supplementary Convention of January 31, 1963, as amended, and the Vienna Convention of May 21, 1963, as amended. In addition, the Common Protocol of September 21, 1988, which entered into force in France on July 30, 2014, is intended to connect the two systems established by the Paris and Vienna conventions, thus reducing common law jurisdiction in order to provide better protection to potential victims of a nuclear accident. In the United States, while not founded on an international agreement, the Price Anderson Act establishes a system to channel claims submitted to nuclear operators.

Every country in which the group operates nuclear facilities is subject to one of these legal constructions.

For purposes of information, the maximum amount of the operator's nuclear liability in France until February 17, 2016 was 91.5 million euros per nuclear accident in a nuclear facility and 22.9 million euros per accident during transportation. Moreover, in the event of an accident in a regulated nuclear facility in France, the French government would assume liability above 91.5 million euros, up to a limit of 228.6 million euros. Thereafter, the Signatory States to the Brussels Supplementary Convention would assume liability for the amount above 228.6 million euros, up to a limit of 381.1 million euros.

The protocols of amendment of the Paris Convention and the Brussels Supplementary Convention were signed on February 12, 2004 by representatives of the Signatory States. However, the amended conventions are not yet in effect. The main amendments will concern an increase in the three tiers of indemnity. The nuclear operator's liability would increase to 700 million euros per nuclear accident in a facility (70 million euros in a reduced-risk facility). This amount would rise to 80 million euros per accident during transportation. The State in which the nuclear facility responsible for the damage is located would cover the 700-million-euro to 1.2-billion-euro tier. Beyond that amount, the other Signatory States would intervene up to a limit of 1.5 billion euros. A mechanism to increase these limits would be provided by the Convention as new States ratify it.

However, without waiting for the Protocol amending the Paris Convention signed on February 12, 2004 to take effect, the French law no. 2015-992 of August 17, 2015 on the Energy Transition for Green Growth (the "TECV law") provides for the early application of the cap on the operator's nuclear liability. Thus, since February 18, 2016, the operator's liability is capped at 700 million euros per nuclear

accident in a nuclear facility, at 70 million euros in a reduced-risk facility (article L. 597-28 of the French Environmental Code) and at 80 million euros per nuclear accident during transportation (article L. 597-32 of the Environmental Code).

Aside from the above-mentioned increases of the cap on nuclear operator liability, the TECV law effected an alignment of our domestic law with the scope of the Paris Convention by mentioning the natural persons or physical entities, both public and private, which operate a nuclear facility falling within the purview of regulated nuclear facility (INB) or environmentally regulated facility (ICPE) regulations.

Two of the group's INBs (Socatri and Somanu) and three of its ICPEs (STMI in Bollène, Cemo in Chalon and Cedos in Sully) appear on the list of sites benefiting from reduced liability amounts, pursuant to decree no. 2016-333 of March 21, 2016 implementing article L. 597-28 of the Environmental Code related to liability in the nuclear energy field.

Description of insurance acquired

For its regulated nuclear facilities (INB) in France and abroad, and for its nuclear transportation operations, the company benefits from the insurance program to which the AREVA group has subscribed. These insurance policies comply with the international conventions governing nuclear operator liability, including their liability limits.

Property and business interruption insurance for nuclear operations

Due to the nature of the potential damage to the facilities, this type of insurance is available only through the pools or through specialized mutual insurance companies capable of providing the necessary coverage. The limits of coverage for this type of insurance are based on the estimated replacement value or on an estimate of the maximum possible loss (MPL). Insurance coverage for some facilities can be up to 1 billion euros.

Mining operations are not covered by property and business interruption guarantees for the nuclear process, but rather are covered by specific programs controlled by the AREVA group's Insurance Department.

1.7.3.2 Chemical risk management

1.7.3.2.1 Seveso regulations

The group operates seven sites subject to Seveso regulations, which implement European Directive 2012/18/EU concerning the control of major accident hazards involving dangerous substances, as amended. The regulations apply to facilities that may present a significant risk to public health and safety or to the environment. The sites subject to these regulations are in France. Two of them are considered "high-threshold Seveso" sites: the Tricastin and Malvési sites of AREVA NC.

In accordance with the regulatory requirements, the sites concerned have set up a plan to prevent major accidents and limit their impacts on individuals and the environment. A safety management system incorporating the organization, functions, products and other resources was set up to strengthen risk management.

Similarly, hazards studies are updated on a regular basis. They are the foundation of the process designed to minimize risk from the outset, control urban development, establish emergency management plans and inform the public. Hazards studies present in particular the hazards that the facility could generate in the event of a deviation and demonstrate measures capable of reducing the probability and impacts of an accident to the lowest achievable level in view of current knowledge and practices, taking into account the vulnerability of the facility's environment.

As part of a continuous improvement process, the relevance, reliability and "stand-alone" quality of safety barriers are reviewed on a regular basis. This review applies to prevention barriers (intended to reduce the probability of an unscheduled event) and to protection barriers (intended to limit the consequences of an unscheduled event). Moreover, a dedicated working group was set up in 2004 to harmonize and share best practices from Seveso sites.

With respect to insurance, the above-mentioned facilities of AREVA NC are covered by the civil liability program taken out by the group. The level of coverage is based on quantification of reasonably expected risk and guarantees available in the insurance market.

1.7.3.2.2 Implementation of REACH regulations

On December 18, 2006, the European Parliament adopted the REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), EC no. 1907/2006. REACH establishes a policy for managing chemical substances in the European Union. The long-term objective is to find substitutes for substances that are of most concern for health and the environment. The regulation helps improve knowledge of the properties of chemical substances and the risks associated with their use.

It requires the registration of all chemical substances produced or imported in quantities of more than one metric ton per year. The data collected in this way are being used to ensure appropriate management of the risks associated with the use of each substance. In addition, each user of a substance must ensure that its use is covered by the manufacturer's and importer's registration file and that recommended risk management measures are applied.

For the substances of most concern for health and the environment, listed in Appendix XIV of the regulation, an authorization request must be submitted to the European Chemicals Agency. More than 160 substances were introduced in the process: an initial list of substances was published in October 2008 and is regularly updated. Today, 31 substances are listed in Appendix XIV. New AREVA is directly concerned by only a few of these substances; a research and development program is in progress to find substitutes for them.

Several steps were taken to manage the legal, financial and technical consequences of the REACH regulation and to ensure that all of the group's entities are in compliance. In October 2006, an awareness program targeting the affected functions was deployed throughout the group and has continued since then. An internal organization was set up consisting of a REACH steering committee at the corporate level (Safety, Health, Security and Environment Department, Supply Chain Department, Legal Department, and Research and Development Department) as well as representatives of the entities and technical advisors for the various issues related to REACH. This organization, described in a group procedure, will deploy and monitor the initiative in each legal entity.

The New AREVA group is affected by this regulation as a producer and importer of substances used in certain operations (in particular in the Mining, Chemistry and Enrichment Business Units), and more generally as a downstream user of substances and mixtures. It should be noted that the radioactive substances covered in the Euratom directive (no. 96/29, replaced by no. 2013/59) are excluded from the scope of the REACH regulations. The group pre-registered and registered all substances produced or imported in quantities of more than one metric ton.

1.7.3.3 Other environmental risk

Natural disasters prevalent in certain regions in which the group does business could affect its operations and financial position

The location of some of the group's production sites in areas exposed to natural disasters, such as earthquakes or flooding, could weaken the group's production capacity. Following the Fukushima accident in March 2011, stress tests were carried out or are being completed on nuclear facilities in most of the countries that have them; the conditions required for their continued operation were set upon the completion of these tests.

Occupational diseases related in particular to exposure to asbestos or radiation cannot be ruled out.

The group believes that it fundamentally complies with legal and regulatory provisions pertaining to health and safety in every country in which it operates and considers that it has taken the measures needed to ensure the health and safety of its own personnel and of subcontractor personnel (see Appendix 7.9., Section 1. *Labor information*). However, the risk of occupational disease cannot be excluded in principle. Yet the occurrence of disease could result in legal action against the group or in claims for compensation, either from employees or former employees, or from buyers of the group's businesses, in the event that occupational disease as the result of a previous exposure should arise in employees prior to their transfer with the business. These actions could result in the payment of damages.

The group had a limited number of reports of occupational disease in France in 2016.

1.7.4 Operational risks

1.7.4.1 Risk of interruption in the supply chain for products or services

An industrial breakdown, a work stoppage or an interruption of the supply chain in the group's manufacturing plants or at a supplier's location could delay or stop the flow of the group's products or services.

This risk is heightened by the fact that the group's different plants, in any given business, are highly integrated and interdependent, and that some of the group's suppliers could have financial difficulties or might not be able to cope with demand while complying with the group's deadlines and quality standards. A potential breakdown or stoppage of production in a plant or at a supplier's location, or an interruption of some shipments could affect all of the group's operations and cause an interruption of supplies or services.

Contracts between the group and its customers include a certain number of warranties that can trigger penalties for delays. These warranties could enter into play as a result of an industrial breakdown, work stoppage or an interruption of the supply chain, whether at one of the group's industrial units or at one of its supplier's locations.

Although the group has implemented measures to limit the impact of a potential breakdown and has covered its exposure through business interruption insurance for its industrial units and selects its suppliers based on stringent criteria for quality and financial soundness, it is nonetheless still possible that an industrial breakdown, a work stoppage or an interruption of the supply chain at the group's industrial units or at a supplier's location could have a significant negative impact on the group's financial position and on its ability to respond in optimum manner to customer demand.

1.7.4.2 Risk of default by the group's suppliers, subcontractors, partners and customers

New AREVA's suppliers, subcontractors and partners could encounter financial difficulties related to economic conditions and no longer be in a position to perform contracts entered into with the group.

Depending on the region, the economic situation could have a negative impact on the group's suppliers, subcontractors, partners and customers, whether as concerns their access to sources of funds or their ability to meet their obligations in the group's regard.

1.7.4.3 Risk associated with dependency on the group's customers

The group's loss of one of its main customers or a reduction in their purchases or an erosion of contract terms or conditions could have a significant negative impact on the group's operations and financial position.

The company has very substantial commercial relations with the EDF group. At December 31, 2016, EDF France represented about 31% of the group's revenue. In the fuel cycle, the relationship between the EDF group and the company is governed by multiyear contracts.

In its operating segments, these contracts give the company operating visibility beyond 2020, with the regular signature of contracts covering multiple years.

In addition, the impacts of the law of August 17, 2015 on the energy transition in France (articles L. 311-5-5 and L. 100-4 (5)) on EDF's operations were specified in the Multiyear Energy Program approved by decree no. 2016-1442 of October 27, 2016.

The group's ten biggest customers, including the EDF group, represented close to 60% of its revenue at the end of December 2016.

1.7.4.4 Risk related to the information system

All industrial and commercial activities in the group rely on a mission-critical information system.

The group deploys resources to ensure information system security and the fluidity of its business processes.

However, faced with constantly changing threats and the growing sophistication of the attacks, it cannot guarantee that they will remain without significant impact on its operations.

Similarly, the group cannot guarantee that no technical malfunction will occur likely to cause significant disruptions.

1.7.4.5 Supplier concentration in the procurement chain

A decrease in the supply of certain strategic components or an increase in the cost of electricity could have a negative impact on the group's production costs

The group's operations require large supplies of specific commodities and semi-finished products, including base products and others. Some operations also use large quantities of electricity.

The group's large requirement for commodities and semi-finished products is such that the group could experience procurement difficulties, given the limited number of suppliers.

For all of these operations, a shortage of commodities or semi-finished products could translate into a production slowdown or even, in certain circumstances, in shutdown.

1.7.4.6 Risks related to implementation of the performance plan

This plan rests on four pillars in particular: control of payroll and compensation, productivity improvement, selectivity in purchasing, and marketing and sales strategy.

While the group is working on the successful implementation of the performance plan, no guarantees can be given as to the performance plan's achievement of the contemplated gains and cost reductions within the expected period of time. If the group were not to achieve the objectives of the performance plan on time, or if it were not to reach these objectives within the expected period of time indicated, that could have a significant unfavorable impact on the group's operations and financial position.

1.7.5 Risk related to major projects

Generally, revenue, cash flow and profitability recognized for a project may vary significantly as a function of the percentage of completion of the project involved. Furthermore, they may depend on a certain number of items such as the occurrence of unforeseen technical problems inherent in the complexity of the projects and/or relative to the equipment supplied; loss of skills or questions about technologies; and postponements or delays in the execution of contracts or capital projects. They may also be the financial difficulties of the group's customers; payments withheld by the group's customers; the default or financial difficulties of suppliers, subcontractors or partners in a consortium with which the company is jointly responsible; and additional unforeseen costs resulting from project modifications or changes in legislation. The profit margins on some of the company's contracts may prove to be very different from those initially anticipated insofar as costs and productivity may vary significantly during the execution of the contract or the implementation of capital projects.

1.7.5.1 Industrial projects of the company

The group cannot ensure that industrial projects or mining projects can be implemented within the planned budgets and schedules and consistent with the operating requirements of the sites involved.

As for any new project, the development of new mining or industrial capacities involves risks relating to its technical implementation and to start-up schedule compliance.

The group cannot guarantee that the product of mining or industrial projects will enable it to cover its operating, depreciation and amortization expenses or give the expected return on investment, particular if the competitive situation in the target market changes.

Similarly, in the case of transitions between two industrial plants, the group cannot guarantee that facility shut-down and start-up schedules will be optimized to minimize the financial and social impacts.

In addition, the group cannot guarantee that suppliers associated with the different projects will provide their products or services on time and as required in the contracts.

Such risk could have a negative impact on the group's operations and financial position.

1.7.6 Other risk

1.7.6.1 Political and economic conditions

Some of the group's operations are sensitive to policy decisions in certain countries, especially as regards energy.

The risk of a change in energy policy by some States cannot be excluded and could have a significant negative impact on the group's financial position. The debates on the future of nuclear power which have begun or lie ahead in various countries could evolve in a manner that is unfavorable to the group's operations, particularly under the influence of pressure groups or following events that give the public a negative image of nuclear power (e.g. accidents or incidents, violations of non-proliferation rules, diplomatic crises).

As a result of events in Japan in March 2011, the German government decided to phase out nuclear power while other European Union countries, including France, decided to perform stress tests on their facilities (see the ASN report of January 3, 2012 on the supplementary safety assessments of nuclear facilities).

More generally, events of this nature are likely to affect the positions of certain States vis-à-vis nuclear energy and could for example lead to:

- new thinking on the share of nuclear power and renewable energies in the energy mix;
- the early shutdown of certain nuclear power plants;
- the slowdown or freezing of investment in new nuclear construction projects;
- the reconsideration of programs to extend the operation of existing power plants;
- changes in policies for the end of the cycle, particularly as concerns used fuel recycling; and/or
- lesser acceptance of nuclear energy by the public.

Political risk specific to certain countries in which the group does business could affect its operations and their financial equilibrium (e.g. political instability, acts of terrorism).

New AREVA is an international group with energy operations around the globe, including countries with varying degrees of political instability. Some of the group's mining operations, for example, are located in countries where political change could affect those operations. Political instability can lead to civil unrest, expropriation, nationalization, changes in legal or tax systems, monetary restrictions, and renegotiation or cancellation of currently valid contracts, leases, mining permits and other agreements. Acts of terrorism can also generate socio-political turmoil and impair the physical safety of the group's personnel and/or facilities.

For example, the mining agreements between the government of Niger on the one hand and Somaïr and Cominak on the other relating to the operation of uranium deposits in Niger expired on December 31, 2013. Discussions for their renewal began in 2012 and came to a successful conclusion in May 2014 as part of the strategic partnership agreement signed between New AREVA and the State of Niger. In accordance with the agreement, the mining agreements of Somaïr and Cominak were renewed under the Nigerien law of 2006.

The group conducts operations on international markets characterized by strong competitive pressures that could lead to a consequential drop in demand for the group's products and services.

The group's products and services are sold on international markets characterized by intense competition on price, financial terms, product/service quality and the capacity for innovation. In some of its businesses, the group has powerful competitors that are much larger than the group or have access to more resources. Moreover, these competitors may sometimes make decisions that are influenced by extraneous considerations other than profitability or have access to financing at advantageous terms.

In addition, competitive pressures have increased as a result of the deregulation of the electricity market, which opened the door to new competitors for the group's main customers and in particular resulted in increased price volatility. Deregulation may lead to changes in prices for electricity and for products and services related to the generation, transmission and distribution of electricity and/or to lower investment in the nuclear power sector.

1.7.6.2 Risks related to the group's structure

The group was involved in a variety of acquisitions, strategic alliances and joint ventures with partner companies. Although the group believes that these strategic alliances and joint ventures will be beneficial, a certain level of risk is inherent in these transactions, particularly the risk of overvalued acquisitions; insufficient vendor warranties; underestimated operating costs and other costs; disagreements with partners (particularly in joint ventures); potential integration difficulties with personnel, operations, technologies or products; lack of performance on initial objectives; or third-party challenges to these strategic alliances or mergers and acquisitions, based on their impact on those parties' competitive positions.

In addition, the presence of minority shareholders in the share capital of some of the company's subsidiaries could restrict the group's decision-making power.

1.7.6.3 Industrial risks related to climate change

The risk of a natural disaster as a result of climate change is identified in the group's business risk model. It is estimated to be of very low impact in terms of frequency and severity. Action plans to strengthen the resilience of certain facilities were nonetheless implemented at the industrial sites, in particular following the supplementary safety assessments (SSA) conducted after the Fukushima accident. These assessments factored in the latest scientific knowledge on global warming, on the impacts on water resources and on extreme climate phenomena, using extremely conservative assumptions.

Concerning the fight against climate change, the company is implementing a proactive policy aimed at reducing the environmental footprint of its operations, and more specifically at acting simultaneously on the five known mechanisms of biodiversity erosion. The main actions undertaken involve combatting climate change, managing the risks related to changes in land use (disturbance of natural habitat and release of CO₂ stored in the soil), managing the potential impacts of releases and other industrial pollution, preventing the proliferation of invasive species, and working towards the sustainable use of natural resources. In June 2016, the change of process at the Comurhex II Malvési plant eliminated releases of nitrous oxides (N₂O), thus reducing the group's greenhouse gas emissions by nearly 20% on a full-year basis.

One of the company's defining features is its development of a pioneering, competitive position in the circular economy through its fuel cycle operations. Its industrial tools in the back end of the cycle enable it to recycle energy recovered from the plutonium contained in used nuclear fuel into fresh MOX fuel. Industrial know-how on this scale is unique in the world. It significantly reduces environmental impacts across the entire uranium lifecycle, in particular during the mining stage, which has the biggest impact in terms of footprint.

Factoring extreme risks into the supplementary safety assessments (SSA) represented an expense of 260 million euros for studies and facility reinforcements; reducing the environmental footprint (actions taken) represented a gain of 170 million euros per year on the group's operating costs, mostly consisting of energy savings.

1.7.6.4 Human resources risk

The group might not be able to find the necessary expertise to carry out its operations.

In some fields, the group has to turn to outside experts when it does not have expertise internally for the successful completion of its projects. The group cannot guarantee that it will find the necessary skills for the successful performance of some operations, which could have a significant negative impact on those operations and on the group's financial position.

The group cannot guarantee that it will be able to call up the necessary resources for its development in due time or under satisfactory conditions.

In connection with the group's development, reorganization or restructuring, it continues to be likely that labor protests will disrupt its operations and impact its financial position.

Lastly, in 2016, the group was forced to carry out a "Voluntary Departure Plan" whose potential consequences on the availability of skills in the short and medium terms continue to be difficult to assess at this time.

1.8 Company exposure to price, credit, liquidity and cash management risk

The group has an organization dedicated to implementing market risk management policies approved by Executive Management for centralized management of exposure to foreign exchange, commodity, rate and liquidity risks.

In the Finance Department, the Financial Operations and Treasury Management Department (DOFT) engages in transactions on financial markets and acts as a central desk that provides services and manages the group's financial exposure. The organization of this department ensures the separation of functions and the necessary human, technical, and information system resources. 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.

The reporting system also includes weekly reports submitted to the group's Chief Financial Officer, including a valuation of all positions and their market value. Together, these reports and reviews are used to monitor the group's counterparty risk.

1.8.1 Liquidity risk

The liquidity risk is the risk that the group may be unable to meet its immediate or short-term financial commitments.

Management of the liquidity risk is provided by the Financial Operations and Treasury Management Department, which ensures that it has sufficient financial resources available at all times to fund current operations and the investments needed for future growth and to cope with any exceptional event. The goal of liquidity management is to seek resources at the best cost and to ensure that they may be secured at any time.

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

On December 31, 2016, the company had received a B+ rating from Standard & Poor's for long-term credit with a developing outlook. On January 18, 2017, Standard & Poor's lowered that rating to B. Since December 16, 2016, in connection with its own methods, S&P raised the rating of the bond issues of New AREVA Holding in relation to that of the issuer; they have thus been rated B+ since January 18, 2017.

At December 31, 2016, the group had current borrowings of 1.022 billion euros, mainly consisting of the bond issue in the amount of 797 million euros maturing on October 5, 2017 and a redeemable syndicated bank loan of 72 million euros.

To meet those commitments and ensure the continuity of operations in 2017, the main sources of financing in 2017 including the following items:

- Gross cash on hand at January 1, 2017 in the amount of 1.434 billion euros, including a shareholder loan account vis-à-vis AREVA SA in the amount of 1.299 billion euros;
- An advance to the company in the amount of 1.3 billion euros from the shareholder current account of the French State, as authorized by the European Commission on January 10, 2017. This advance from the shareholder current account, to be credited to the capital increase of the company planned in 2017, will bridge the gap with the latter as necessary;
- The objective of carrying out this capital increase is to strengthen the capital structure of the company and enable it to meet its liquidity requirements.

Taken together, these items will ensure the continuity of operations for the 2017 financial year.

Beyond 2017, the significant debt maturities for New AREVA group in 2018 consist of the repayment of a private placement maturing on September 20, 2018 in the equivalent of approximately 60 million euros and a debt maturity of 58 million euros concerning the redeemable syndicated bank loan.

1.8.2 Foreign exchange risk

In view of the geographic diversity of its locations and operations, the group is exposed to fluctuations in exchange rates, particularly the euro/U.S. dollar exchange rate. The volatility of exchange rates may impact the group's currency translation adjustments, equity and income. The value of the euro in relation to the US dollar fell approximately 1% between December 31, 2015 and December 31, 2016.

The principal factors which may influence the group's exposure to currency risk, by business unit, are as follows:

- Mining BU and Chemistry – Enrichment BU: due to their geographically diversified locations (local currencies: euro/FCFA, Canadian dollar, tenge) and to their operations denominated primarily in US dollars, which is the world reference currency for natural uranium prices and for conversion and enrichment services, these business units have significant exposure to the risk of the US dollar's depreciation against the euro. The foreign exchange risk to be hedged is managed globally by business unit and is net (some requirements in different directions of the same currency are offset, providing a natural hedge). For medium/long-term exposure, the amount of the hedge is set up according to a gradual scale for a duration based on the highly probable nature of exposure, generally not to exceed five years.
- Components Business Unit: specific insurance policies are usually acquired or forward currency transactions are concluded to hedge the risk associated with the sale of heavy components (steam generators, reactor vessel closure heads) which may be billed in US dollars while production costs are incurred in euros.
- Recycling Business Unit: this business unit has minimum exposure to the foreign exchange risk, since the leading foreign contracts outside the Eurozone are invoiced in euros and most of the costs of the business unit are incurred in euros.

As provided by the group's 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 Treasury Management department, except as otherwise required by specific circumstances or regulations. DOFT thus centralizes the currency risk for all entities and hedges its position directly with banking counterparties. A system of strict limits, particularly concerning authorized foreign exchange positions and results, marked to market, is monitored daily by specialized teams which are also in charge of valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

For more information, please refer to Appendix 7.1. *Notes to the consolidated financial statements*, Note 29. *Financial instruments*.

1.8.3 Interest rate risk

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

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

The group uses several types of derivatives, as required by market conditions, to allocate its borrowings between fixed rates and floating rates and to manage its investment portfolio, with the goal being mainly to reduce its borrowing costs while optimizing the management of its cash surpluses. The group's rate risk management policy, approved by Executive Management, is supplemented by a system of specific limits for asset management and for the management of rate risk on borrowings. In particular, the system defines authorized limits for portfolio sensitivity, authorized derivatives for managing financial risk, and subsequent positions that may be taken.

For more information, please refer to Appendix 7.1. *Notes to the consolidated financial statements*, Note 29. *Financial instruments*.

1.8.4 Risk on shares and other financial instruments

The group holds publicly traded shares in a significant amount and is thus exposed to changes in the equity markets.

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

In particular, the number of shares in the investment portfolio earmarked for end-of-lifecycle operations is given at December 31, 2016.

The risk of a decrease in the price of shares and of other non-current financial assets is not systematically hedged.

The risk on shares held in the portfolio of assets earmarked for end-of-lifecycle operations is an integral component of asset management, which uses shares to increase long-term returns as part of its allocation between bonds and equities.

In addition, the group is exposed to changes in the value of other financial instruments in its portfolio, in particular bonds and shares in investment funds held in the portfolio earmarked for end-of-lifecycle obligations.

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

For more information, please refer to Appendix 7.1. *Notes to the consolidated financial statements*, Note 29. *Financial instruments*.

1.8.5 Risks associated with uranium, enrichment and conversion

1.8.5.1 Uranium resources and reserves

The group's uranium resources and reserves are only estimates drawn up by the group based on geological assumptions (developed based on core drillings, among other things) and economic assumptions, and there is no guarantee that mining operations will produce the same results.

The group could be led to modify these estimates if there is a change in evaluation methods or geological assumptions, and/or a change in economic conditions.

Estimates of uranium resources and reserves are updated annually to produce data for the Reference Document for the year ended. The functioning of the Resources and Reserves Committee is described in Section 1.2.1.1.1.

It is not possible to guarantee that the projected quantities of uranium will be produced or that the group will receive the expected price for these ores, which is indexed to market performance, in accordance with the contractual terms agreed upon with the customers.

There is no assurance that other resources will be available. Moreover, uranium price fluctuations, production cost increases and declining mining and milling recovery rates can affect the profitability of reserves and require their adjustment.

In Section 1.2.1.1.1., New AREVA reports 6,580 metric tons of measured and indicated uranium resources and 6,445 metric tons of inferred resources for Katco. As of the date of this document, New AREVA is still waiting for confirmation of this tonnage by the Kazakh organization in charge of approving the registration of these resources in the Kazakh State's balance.

1.8.5.2 Price movements of uranium, enrichment and conversion

Fluctuations in the prices of uranium, uranium conversion and uranium enrichment could have a significant negative or positive impact on the financial position of the group's mining, enrichment and conversion operations.

Although the group operates mostly as a provider of processing services for uranium, of which the customers are generally owners, it remains exposed to uranium price risk in its mining operations and to uranium conversion and enrichment services price risk. Prices for natural uranium and conversion and enrichment services have fluctuated widely in the past and depend on factors that are beyond New AREVA's control. These factors include demand for nuclear power; economic and political conditions in countries which produce or consume uranium, including Canada, the United States, Russia, other CIS republics, Australia, and some African countries; nuclear materials and used fuel treatment; and sales of surplus civilian and defense inventories (including for example those from the dismantling of nuclear weapons).

If the prices for natural uranium, conversion and enrichment were to remain below production costs over a prolonged period, this could have a negative impact on the group's mining operations and uranium conversion and enrichment operations.

1.8.6 Commodity risk

The group does not have significant exposure to commodity price fluctuations other than those mentioned in paragraph 1.8.5 above.

1.8.7 Counterparty risk related to the use of derivatives and cash management

The group is exposed to the credit risk of counterparties linked to its use of financial derivatives to cover its risks and to cash management.

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. 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 expose the group to counterparty risk when the contracts are concluded over the counter.

In addition, almost all of the group's cash is centrally managed, in accordance with an internal policy which defines authorized products and placements. The group's cash is exposed to a counterparty risk, mainly banking.

To minimize these risks, the group's Treasury Management Department deals with diversified, top-quality counterparties based on their ratings in the Standard & Poor's and Moody's rating systems, with a rating of Investment Grade. Moreover, a framework agreement, for example, is systematically put in place with counterparties likely to deal with derivatives.

The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. Assuming the rating of the counterparty is not downgraded earlier, the limits are reviewed at least once a year and approved by the group's Chief Financial Officer. The limits are verified in a specific report produced by the internal control team of the Treasury Management Department. During periods of significant financial instability which may entail an increased risk of bank default and which may be underestimated by ratings agencies, the group tries to monitor advanced indicators such as the value of the credit default swaps (CDS) of the eligible counterparties to determine if limits should be adjusted.

To limit the counterparty risk on the market value of its commitments, the group has set up a mechanism for margin calls with its most significant counterparties concerning interest rate transactions (including foreign exchange and interest terms and conditions).

1.9 Information on accounts payable to suppliers

Accounts payable to suppliers at year-end, in accordance with articles L. 441-6-1 (1) and D. 441-4 of the French Commercial Code, by maturity dates:

(in thousands of euros)

Year	2016	2015
Outstanding	5	-
0 to 30 days	-	-
31 to 45 days	-	-
More than 45 days	-	-
TOTAL	5	-

Acquisitions during the year of a significant interest in or control of companies whose head office is on French territory

1.9.1 Acquisitions of equity interests

Pursuant to the provisions of article L. 233-6 of the French Commercial Code, we hereby inform you that in the past year the company acquired a 12.5% interest in the Intra Group, an economic interest grouping organized under French law whose registered office is located at BP 61, 37420 Avoine, France and which is listed on the Tours Business Register under number 347 482 473, as a consequence of the completion of the contribution described in Section 1.2 of this report.

1.9.2 Takeovers

Pursuant to the provisions of article L. 233-6 of the French Commercial Code, we hereby inform you that in the past year, as a consequence of the completion of the contribution described in Section 1.2 of this report, the company took direct control of the following companies and holds:

- (i) 99.99% of the share capital of the AREVA Mines company, a limited liability company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 501 493 605;
- (ii) 99.99% of the share capital of the AREVA NC company, a limited liability company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 305 207 169;
- (iii) 100% of the share capital of the AREVA Insurance and Reinsurance company, a limited liability company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 381 484 955;
- (iv) 100% of the share capital of the AREVA Business Support company, a simplified joint stock company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 421 356 593;
- (v) 100% of the share capital of the AREVA Project 1 company, a company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 814 304 291;
- (vi) 100% of the share capital of the AREVA Project 4 company, a company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 817 439 557;
- (vii) 100% of the share capital of the AREVA Project 5 company, a company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 817 439 599;
- (viii) 100% of the share capital of the AREVA Project 6 company, a company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 817 439 615;
- (ix) 99.87% of the share capital of the AREVA Développement Economique Local et Finance company, a company organized under French law whose registered office is located at 1 place Jean Millier, Tour AREVA, 92400 Courbevoie, France and which is listed on the Nanterre Business Register under number 420 958 647;

Furthermore, pursuant to the provisions of article L. 233-6 of the French Commercial Code, we hereby inform you that in the past year, as a consequence of the completion of the contribution described in Section 1.2 of this report, the company took indirect control of the companies listed in Appendix 7.4 of this report.

1.10 Representative and branch offices

In accordance with the provisions of article L. 232-1 II, we hereby inform you that by a decision of the Chairman dated October 27, 2016, the company opened a liaison office in Turkey called New AREVA Holding Türkiye İrtibat Bürosu with the aim of becoming a purchasing platform.

At December 31, 2016, the company did not have other representation or branch offices.

2 Presentation of the annual financial statements

2.1 Consolidated financial statements for the year ended December 31, 2016

Please refer to Appendix 7.1 of this report.

2.2 Financial statements for the year ended December 31, 2016

Please refer to Appendix 7.2 of this report.

2.3 Dividends

In accordance with article 243 *bis* of the General Tax Code, we hereby remind you that no dividend has been paid for the past three financial years.

2.4 Non-deductible expenses

In addition, we hereby inform you, in accordance with article 223 *quater* of the General Tax Code, that no sum has been recorded in the past year for expenses or charges which are not deductible for tax purposes, as referred to in article 39-4 of the General Tax Code.

3 Information on share capital

3.1 Structure and changes in the capital of the company and treasury shares

3.1.1 Amount of subscribed capital

At December 31, 2016, the share capital of the company amounted to 52,830,555 euros divided into 105,661,110 shares with a par value of 0.50 euros per share, accompanied by a single voting right.

3.1.2 Treasury shares and interlocking investments

None.

3.1.3 Liens

There are no liens on the company's share capital as of this date.

3.1.4 Employee share ownership

In accordance with article L. 225-102 of the French Commercial Code, we hereby inform you that neither the personnel of the company nor that of the companies which are related to it under the meaning of article L. 225-180 of the French Commercial Code held an interest in the share capital of the company on the last day of the period.

Inasmuch as AREVA SA has put in place a capital increase process reserved for members of a corporate savings plan in the group, consequently the provisions of article L. 225-129-6 of the French Commercial Code related to the obligation to hold a triennial meeting do not apply to the company.

At December 31, 2016, the company did not have any employees.

3.1.5 Transactions during the period referred to article L. 621-18-2 of the Monetary and Financial Code

Pursuant to the provisions of article L. 621-18-2 of the Monetary and Financial Code, we hereby inform you that no transaction was carried out by the executives on shares of the company or on the financial instruments related to them.

3.1.6 Main items likely to have an impact in the event of a public offering

Pursuant to article L. 225-37 (9) of the French Commercial Code, we hereby inform you that as the shares of the company are not admitted for trading on a regulated market, the provisions of article L. 225-100-3 of the French Commercial Code are not applicable.

3.2 Distribution of capital and voting rights

The share capital and voting rights of the company were as follows on December 31, 2016:

- AREVA SA: 105,661,009 shares giving the same number of voting rights.
- AREVA Project 2: 1 share giving the same number of voting rights.

AREVA Project 2 sold the share it held in the company's share capital to the French State on January 26, 2017. Since that date, the share capital and voting rights have been as follows:

- AREVA SA: 105,661,009 shares giving the same number of voting rights.
- French State: 1 share giving the same number of voting rights.

4 Management of the company – Statutory auditors

Until November 3, 2016, the company was a simplified joint stock company (*société par actions simplifiée*). As from its transformation into an incorporated company with a Board of Directors, the Board of Directors of the company chose to combine the functions of Chairman and Chief Executive Officer.

4.1 List of terms of office and functions exercised in any company by each of the executive directors

4.1.1 Composition of the Board of Directors

Pending the completion of the capital increase reserved for the French State described in Section 1.6.1 of this report, simplified governance of a transitional nature has been set up for the company.

The company's Board of Directors was composed as follows at December 31, 2016:

Mr. François Nogué Chairman of the Board of Directors and Chief Executive Officer
(term of office expiring at the conclusion of the Annual General Meeting of Shareholders convened to approve the financial statements for the period ending December 31, 2019)

Mr. Eric Chassard Director
(term of office expiring at the conclusion of the Annual General Meeting of Shareholders convened to approve the financial statements for the period ending December 31, 2019)

Mr. Guillaume Dureau Director
(term of office expiring at the conclusion of the Annual General Meeting of Shareholders convened to approve the financial statements for the period ending December 31, 2019)

4.1.2 Personal information on the members of the Board of Directors

4.1.2.1 Members appointed by the Shareholders

François Nogué

The first part of Mr. François Nogué's career was spent with the Framatome group, where he performed the duties of Director of Human Resources from the end of 1991 to the end of 1998.

He then joined SNCF as Senior Vice President of Human Resources Management before taking on operational duties as Regional Director Paris-East, then Paris-North.

In June 2006, he was named Assistant Chief Executive Officer of Cohesion and Human Resources and a member of the Executive Committee of the SNCF group.

Mr. François Nogué was appointed Senior Executive Vice President of Human Resources of the AREVA group and a member of the Executive Committee on March 1, 2015. Since July 1, 2016, Mr. François Nogué has performed the duties of Senior Executive Vice President of Human Resources, Communications, Property and Work Environment of the AREVA group.

Eric Chassard

Mr. Eric Chassard was a neutronics and thermo-hydraulics engineer with the Commissariat à l'Énergie Atomique (CEA) at Saclay.

He then held a number of positions, including manager of operations and safety & products engineer with the Tritium Division of the AREVA Marcoule plant, and project manager for projects involving the Celestin reactors and the la Hague plant.

From 2002 to 2003, Mr. Eric Chassard served as safety & quality engineer at the MELOX plant, then Director of Productivity Improvement at that same plant from 2003 to 2007. In 2007, he was appointed manager of Fuel operations at SGN and in 2009 became Director of Shaw AREVA MOX Services, LLC.

In June 2012, Mr. Eric Chassard was named Deputy Director of the Engineering & Projects Department, then Director of Engineering & Projects on March 1, 2014.

Since July 1, 2016, Mr. Eric Chassard has served as Director of Performance for the AREVA group and Senior Executive Vice President of the AREVA Projects Business Unit and member of the Executive Committee of the AREVA group.

Guillaume Dureau

Mr. Guillaume Dureau is a Public Inspector of Finance and holds diplomas from the École Polytechnique, the École nationale de la statistique et de l'administration économique (ENSAE, school of statistics and economic administration) and the École des hautes études en sciences sociales (EHESS, school of higher studies in the social sciences).

He began his career in 1988 as an economist with the Institut national de la statistique et des études économiques (INSEE, national institute of statistics and economic studies). From 1992 to 2002, he worked at the Ministry of Economy and Finance, first in the Budget Office, then starting in 1998 in the Service de l'Inspection générale des finances (Office of the Inspectorate-General of Finance), where he was appointed deputy to the Office Director in 2001.

In 2002, he joined AREVA as Director of Strategy and Internal Audit of Framatome ANP then, in 2004, he was appointed Director of Mergers and Acquisitions Strategy for the AREVA group.

In 2006, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Equipment Business Unit and also became a member of the Board of Directors of ETC, a joint subsidiary of Urenco and AREVA, of which he became Chief Executive Officer in 2010. On January 1, 2013, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Front End Business Group.

On March 3, 2015, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Back End Business Group and a member of the AREVA group's Executive Committee.

On July 1, 2016, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Customers, Strategy, Innovation and R&D Department (CSIR).

4.1.3 Change made during the period

On November 3, 2016, the Extraordinary General Meeting of Shareholders of the company decided to convert the company into a limited liability company with a Board of Directors, to adopt new Articles of Association, and to appoint Messrs. François Nogué, Eric Chassard and Guillaume Dureau as directors of the company.

That same day, the company's Board of Directors appointed Mr. François Nogué as Chairman and Chief Executive Officer of the company.

4.1.4 Status of terms of office

The Board of Directors examined the status of terms of office of the directors and noted that none of the terms of office has expired.

4.1.5 List of terms of office and duties performed by the directors in other companies, including outside the group

The terms of office and duties performed during 2016 by the members of the company's Board of Directors in any company other than the company are listed in Appendix 7.6 of this report.

4.2 Compensation and benefits of any kind paid during the period, and criteria applied to their calculation or the circumstances under which they were established

Mr. François Nogué, Chairman and Chief Executive Officer of the company, appointed to those duties on November 3, 2016, does not receive compensation for his term of office. He has an employment contract with a subsidiary of the company connected with his duties as Senior Executive Vice President of Human Resources, Communications, Property and the Work Environment of the AREVA group, for which he receives compensation unconnected with his term of office in the company.

Messrs. Eric Chassard and Guillaume Dureau, directors of the company appointed by the Extraordinary General Meeting of Shareholders on November 3, 2016, do not receive any compensation for their terms of office. They have employment contracts with companies of the AREVA group for specific operating duties, for which they receive compensation unconnected with their terms of office in the company.

It should be noted that, pending the completion of the capital increase reserved for the French State described in Section 1.6.1 of this report, simplified governance of a transitional nature has been set up for the company.

Given the transitory nature of the governance set up and the fact that the compensation received by the officers is connected in all cases to an employment contract for specific functions without any connection to their terms as officers of the company, it was decided that it was not opportune to communicate in more detail on them.

4.3 Detail of commitments of any kind made by the company towards its directors and officers, in particular any item of compensation, payments or benefits due or likely to be due as a result of the assumption, cessation or change of and in these functions or thereafter. Description of methods for determining said commitments as well as their amounts if they appear in the agreements.

None.

4.4 Stock options allowing subscription or acquisition of shares for no consideration

The group does not have a stock option plan. No bonus issue of shares was undertaken or authorized.

4.5 Delegation of authority to the Chief Executive Officer for sureties, endorsements or guarantees

No delegation of authority had been granted to the Chief Executive Officer in 2016 for sureties, endorsements or guarantees.

4.6 Report of the Board of Directors on compensation of executive directors

The Board of Directors' report on the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up total compensation and benefits of any kind attributable to the executive directors of the company, pursuant to article L. 225-37-2 of the French Commercial Code, appear in Appendix 7.8.

4.7 Statutory auditors

The Statutory Auditors of the company are as follows:

Principal Statutory Auditors:

ERNST & YOUNG AUDIT

(term expiring at the conclusion of the Annual General Meeting of Shareholders convened to approve the financial statements for the period ending December 31, 2021)

MAZARS

(term expiring at the conclusion of the annual general meeting convened to approve the financial statements for the period ending December 31, 2020)

Substitute Statutory Auditors:

AUDITEX

(term expiring at the conclusion of the annual general meeting convened to approve the financial statements for the period ending December 31, 2021)

Mr. Hervé Helias

(term expiring at the conclusion of the annual general meeting convened to approve the financial statements for the period ending December 31, 2020)

On October 25, 2016, the partners of the company decided to appoint Ernst & Young Audit and Auditex as secondary and substitute statutory auditors respectively for a term of six financial periods, i.e. until the end of the General Meeting convened in 2022 to approve the financial statements for the year ending December 31, 2012.

5 Other information

5.1 Injunctions and fines for anti-competitive practices

As of the date of this report, the company was not aware of any injunctions or monetary sanctions for anti-competitive practices against the company.

5.2 Agreements referred to in article L. 225-102 paragraph 13 of the French Commercial Code

In accordance with article L. 225-102-1 of the French Commercial Code, we hereby inform you that the following agreements were signed directly or through a third party, or continued during the year, between (i) the Chairman and Chief Executive Officer, one of the directors or one of the shareholders holding a share of more than 10% of the company's voting rights, and (ii) another company of which the company owns, directly or indirectly, more than half of the share capital.

- **Subordination agreement in connection with the refinancing of shareholder loans granted to SET**

The Société d'Enrichissement du Tricastin (SET), which owns and operates the Georges Besse II uranium enrichment plant, signed a facility agreement with a banking pool in the total amount of 650,000,000 euros for the funding requirements of the Niagara project.

In connection with that funding, a subordination agreement was signed on June 13, 2014 between AREVA SA and AREVA NC, among others ("the subordination agreement"). The purpose of the subordination agreement is in particular to subordinate the rights of AREVA SA, AREVA NC and SET Holding vis-à-vis SET for any shareholder-provided funding to the rights of SET's lending banks, until all amounts due to the latter have been repaid in full.

In order to implement the group's reorganization, it became necessary for the company to be a party to the subordination agreement to anticipate the change of guarantor following the loss of AREVA SA's control of the company. Consequently, a new subordination agreement was signed on November 10, 2016 between, *inter alia*, AREVA SA, New AREVA Holding and AREVA NC which cancels and replaces the previous subordination agreement.

- **Agency agreement concerning assets earmarked for dismantling and radioactive waste management expenses**

On June 17, 2004, the Board of Directors of AREVA NC authorized the signature of an agency agreement under which AREVA NC gives AREVA SA the authority to manage or organize and control, in the name of AREVA NC and on its behalf, assets earmarked to fund dismantling and radioactive waste management expenses. This agreement has no set expiration date. It may be terminated by either party with three months' notice. It did not give rise to any payments in 2016.

5.3 Review of regulated agreements authorizing in 2016

The Board of Directors did not authorize any agreement as regards L. 225-38 of the French Commercial Code in 2016.

5.4 Review of regulated agreements authorized during previous financial years with continuing effect in the last financial year

No agreement previously authorized by the Board of Directors as regards article L. 225-38 of the French Commercial Code was continued in 2016.

5.5 Observations of the Works Council

The Board of Directors did not receive any observations from the Works Council pursuant to the provisions of article L. 2323-8 (2) of the French Commercial Code.

6 Social, societal and environmental information

The Corporate Social Responsibility Report (CSF) appears in Appendix 7.9 of this report.

7 Appendices to the annual activity report

Appendix 7.1	Consolidated financial statements for the year ended December 31, 2016
Appendix 7.2	Corporate financial statements for the year ended December 31, 2016
Appendix 7.3	Five-year financial summary
Appendix 7.4	Subsidiaries and associates
Appendix 7.5	List of companies controlled indirectly
Appendix 7.6	List of offices held and duties performed by the directors
Appendix 7.7	Summary of delegations of competence and authority granted to the Board of Directors by the shareholders
Appendix 7.8	Report of the Board of Directors on the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up total compensation and benefits of any kind attributable to the executive directors of the company, pursuant to article L. 225-37-2 of the French Commercial Code
Appendix 7.9	Corporate Social Responsibility Report (CSR)
Appendix 7.10	Report of the Chairman of the Board of Directors on the conditions for preparing and organizing the work of the Board of Directors and on internal control and risk management procedures
Appendix 7.11	Statutory Auditors' report on the corporate financial statements
Appendix 7.12	Statutory Auditors' report on the consolidated financial statements
Appendix 7.13	Statutory Auditors' special report on regulated agreements and commitments
Appendix 7.14	Report of the statutory auditors on the report of the Chairman of the Board of Directors

7.1 Consolidated financial statements for the year ended December 31, 2016

CONSOLIDATED FINANCIAL STATEMENTS

NEW AREVA HOLDING

December 31, 2016

Consolidated statement of income

<i>(in millions of euros)</i>	<i>Note</i>	2016	2015
REVENUE	(Note 3)	4,401	4,658
Other income from operations		3	4
Cost of sales		(3,444)	(4,047)
GROSS MARGIN		961	615
Research and development expenses		(90)	(103)
Marketing and sales expenses		(37)	(47)
General and administrative expenses		(59)	(76)
Other operating income	(Note 5)	29	87
Other operating expenses	(Note 5)	(399)	(569)
OPERATING INCOME		405	(93)
Share in net income of joint ventures and associates	(Note 14)	10	6
Operating income after share in net income of joint ventures and associates		415	(87)
Gross borrowing costs		(228)	(169)
Income from cash and cash equivalents		9	4
Net borrowing costs		(219)	(166)
Other financial expenses		(635)	(397)
Other financial income		342	331
Other financial income and expenses		(293)	(66)
NET FINANCIAL INCOME	(Note 7)	(512)	(231)
Income tax	(Note 8)	(332)	(210)
NET INCOME FROM CONTINUING OPERATIONS		(429)	(529)
Net income from discontinued operations	(Note 9)	70	(1)
NET INCOME FOR THE PERIOD		(359)	(530)
NET INCOME ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(249)	(536)
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS	(Note 21)	(110)	7

Comprehensive income

<i>(in millions of euros)</i>	<i>Note</i>	Financial Year 2016	Financial Year 2015
Net income		(359)	(530)
Items not recyclable to the income statement		(95)	208
Actuarial gains and losses on the employee benefits of consolidated companies		(83)	214
Income tax related to non-recyclable items		(1)	(18)
Share in non-recyclable items from joint ventures and associates, net of tax		(10)	12
Non-recyclable items related to discontinued operations, net of tax		-	-
Items recyclable to the income statement		70	(137)
Currency translation adjustments of consolidated companies		145	(127)
Change in value of available-for-sale financial assets		(162)	94
Change in value of cash flow hedges		48	(91)
Income tax related to recyclable items		39	(13)
Share in recyclable items from joint ventures and associates, net of tax		-	-
Recyclable items related to discontinued operations, net of tax		-	-
Total other items of comprehensive income (net of income tax)	(Note 20)	(25)	71
Comprehensive income		(384)	(459)
- Attributable to equity owners of the parent		(323)	(382)
- Attributable to minority interests		(61)	(77)

Consolidated statement of financial position

ASSETS	<i>Note</i>	2016	2015
<i>(in millions of euros)</i>			
NON-CURRENT ASSETS		17,004	17,030
Goodwill on consolidated companies	(Note 10)	1,303	1,272
Intangible assets	(Note 11)	1,601	1,584
Property, plant and equipment	(Note 12)	7,554	7,593
End-of-lifecycle assets (third party share)	(Note 13)	127	178
Assets earmarked for end-of-lifecycle operations	(Note 13)	6,089	6,122
Investments in joint ventures and associates	(Note 14)	17	14
Other non-current assets	(Note 15)	135	66
Deferred tax assets	(Note 8)	178	201
CURRENT ASSETS		4,410	5,577
Inventories and in-process	(Note 16)	1,261	1,213
Trade accounts receivable and related accounts	(Note 17)	841	827
Other operating receivables	(Note 18)	661	610
Other non-operating receivables	(Note 18)	62	75
Current tax assets	(Note 8)	127	107
Other current financial assets	(Note 15)	2	19
Cash and cash equivalents	(Note 19)	1,434	2,646
Assets of operations held for sale	(Note 9)	23	79
TOTAL ASSETS		21,414	22,607

LIABILITIES AND EQUITY	Note	2016	2015
<i>(in millions of euros)</i>			
Capital		53	247
Consolidated premiums and reserves		(1,130)	1,335
Actuarial gains and losses on employee benefits		(187)	(93)
Unrealized gains (losses) on financial instruments		136	211
Currency translation reserves		113	16
Equity attributable to owners of the parent		(1,016)	1,716
Minority interests	(Note 21)	(40)	237
EQUITY & MINORITY INTERESTS	(Note 20)	(1,056)	1,953
NON-CURRENT LIABILITIES		14,064	13,246
Employee benefits	(Note 22)	1,442	1,427
Provisions for end-of-lifecycle operations	(Note 13)	7,341	6,920
Non-current provisions	(Note 23)	254	238
Share in negative net equity of joint ventures and associates	(Note 14)	63	59
Long-term borrowings	(Note 24)	4,851	4,502
Deferred tax liabilities	(Note 8)	113	100
CURRENT LIABILITIES		8,407	7,408
Current provisions	(Note 23)	1,733	1,601
Short-term borrowings	(Note 24)	1,022	224
Advances and prepayments	(Note 25)	2,894	2,825
Trade accounts payable and related accounts	(Note 26)	619	731
Other operating liabilities	(Note 26)	1,839	1,758
Other non-operating liabilities	(Note 26)	72	61
Current tax liabilities	(Note 8)	213	132
Liabilities of operations held for sale	(Note 9)	15	75
LIABILITIES AND EQUITY		21,414	22,607

Consolidated statement of cash flows

CASH FLOW FROM OPERATING ACTIVITIES	2016	2015
<i>(in millions of euros)</i>		
Net income for the period	(359)	(530)
Less: income from operations sold or held for sale	(70)	1
Net income from continuing operations	(429)	(529)
(Profit) / loss of joint ventures and associates	(10)	(6)
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	908	769
Goodwill impairment	0	0
Net increase in (reversal of) provisions	(216)	252
Net effect of unwinding of assets and provisions	501	253
Income tax expense (current and deferred)	332	210
Net interest included in borrowing costs	226	165
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(90)	(137)
Other non-cash items	(8)	4
Dividends from joint ventures and associates	0	0
Cash flow from operations before interest and taxes	1,214	981
Net interest received (paid)	(134)	(163)
Income tax paid	(174)	(189)
Cash flow from operations after interest and taxes	907	629
Change in working capital requirement	(139)	225
NET CASH FROM OPERATING ACTIVITIES	767	854
Investment in PP&E and intangible assets	(542)	(633)
Loans granted and acquisitions of non-current financial assets	(1,119)	(2,330)
Acquisitions of shares of consolidated companies, net of acquired cash	0	0
Disposals of PP&E and intangible assets	16	8
Loan repayments and disposals of non-current financial assets	1,131	2,312
Disposals of shares of consolidated companies, net of disposed cash	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	(514)	(644)
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries		
Transactions with minority interests	(132)	
Dividends paid to minority shareholders of consolidated companies	(110)	(135)
Increase in borrowings	31	819
Decrease in borrowings	(393)	(217)
Change in other borrowings	81	3
Cash flow related to contributions **	(1,019)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(1,542)	470
Impact of foreign exchange movements	86	(23)
NET CASH FROM OPERATIONS SOLD OR HELD FOR SALE (E)	61	31
CHANGE IN NET CASH	(1,141)	689
NET CASH AT THE BEGINNING OF THE YEAR	2,523	1,835
NET CASH AT THE END OF THE YEAR	1,382	2,523

** Contributions to financial year 2016 are explained in Note 19.

Net cash taken into account in establishing the Statement of Cash Flows consists of:

- Cash and cash equivalents (see Note 19), which includes:
 - cash balances and non-trade current accounts, and
 - risk-free investments initially maturing in less than three months, and money market funds;
- after deduction of bank facilities and non-trade current accounts included in short-term borrowings (see Note 24);
- cash from operations held for sale (see Note 9).

Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Number of shares outstanding	Capital	Consolidated premiums and reserves	Actuarial losses on employee benefits	Deferred unrealized gains and losses on financial instruments	Currency translation reserves	Equity attributable to owners of the parent	Minority interests	Total equity and minority interests
January 1, 2015	16,500,000	247	1,871	(300)	224	55	2,097	449	2,546
Net income for 2015			(536)				(536)	7	(530)
Other items of comprehensive income (see Note 20)				207	(13)	(40)	154	(83)	71
Comprehensive income			(536)	207	(13)	(40)	(382)	(77)	(459)
Dividends paid								(135)	(135)
Other transactions with shareholders*									
Transaction with companies under joint control*			1			0	1	(0)	1
DECEMBER 31, 2015	16,500,000	247	1,335	(93)	211	16	1,716	237	1,953
Net income for 2016			(249)				(249)	(110)	(359)
Other items of comprehensive income (see Note 20)				(95)	(75)	96	(74)	49	(25)
Comprehensive income			(249)	(95)	(75)	96	(323)	(61)	(384)
Dividends paid								(110)	(110)
Other transactions with shareholders*	89,161,110	(195)	(121)				(316)	(105)	(421)
Transaction with companies under joint control*			(2,095)	0	(0)	1	(2,094)	-	(2,094)
DECEMBER 31, 2016	105,661,110	53	(1,130)	(187)	136	113	(1,016)	(40)	(1,056)

* Transactions with shareholders and with companies under joint control are explained in Note 20.

Operating segments

For all reporting periods, income items from operations sold or held for sale are presented in the statement of income on a separate line, "Net income from operations sold or for held for sale". Accordingly, this information does not appear in the business segment information below.

Definition of EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) are equal to operating income plus net amortization, depreciation and operating provisions (including provisions for impairment of working capital items), net of reversals. EBITDA is restated to exclude the cost of end-of-lifecycle operations performed in nuclear facilities during the year (facility dismantling, waste retrieval and packaging).

BY BUSINESS SEGMENT

Financial Year 2016

Income

				Corporate, other operations and elimina- tions	
<i>(in millions of euros)</i>	Mining	Front End	Back End		Total
Gross revenue	1,458	1,057	1,771	116	4,401
Inter-segment sales	(6)	(19)	(43)	68	-
Contribution to consolidated revenue	1,451	1,037	1,728	184	4,401
Operating income	183	158	67	(3)	405
EBITDA*	747	354	300	(64)	1,338
% of gross revenue	51.3%	33.5%	17.0%	NA	30.4%

* see Note 6

Balance sheet

				Corporate, other operations and elimina- tions	
<i>(in millions of euros)</i>	Mining	Front End	Back End		Total
PP&E and intangible assets (including goodwill)	3,507	4,414	2,490	48	10,458
Assets earmarked for end-of- lifecycle operations	2	1,536	4,679	-	6,216
Other non-current assets				330	330
Subtotal: Non-current assets	3,509	5,949	7,168	378	17,004
Inventories and receivables (excluding tax receivables)	528	1,193	1,057	46	2,824
Other current assets				1,562	1,562
Subtotal: Current assets	528	1,193	1,057	1,608	4,386
Assets of operations held for sale				23	23
TOTAL ASSETS	4,036	7,143	8,225	2,010	21,414

Approximately 31% of the group's total revenue was with EDF.

Financial Year 2015**Income**

				Corporate, other operations and elimina- tions	
<i>(in millions of euros)</i>	Mining	Front End	Back End		Total
Gross revenue	1,453	1,115	1,915	175	4,658
Inter-segment sales	(6)	(10)	(48)	63	-
Contribution to consolidated revenue	1,447	1,106	1,867	238	4,658
Operating income	188	101	(187)	(195)	(93)
EBITDA*	607	389	312	(10)	1,297
% of gross revenue	41.8%	34.9%	16.3%	NA	27.9%

* see Note 6

Balance sheet

				Corporate, other operations and elimina- tions	
<i>(in millions of euros)</i>	Mining	Front End	Back End		Total
PP&E and intangible assets (including goodwill)	3,818	4,333	2,252	47	10,450
Assets earmarked for end-of- lifecycle operations	2	1,537	4,761	-	6,299
Other non-current assets				281	281
Subtotal: Non-current assets	3,820	5,869	7,013	328	17,030
Inventories and receivables (excluding tax receivables)	483	1,058	1,061	123	2,725
Other current assets				2,773	2,773
Subtotal: Current assets	483	1,058	1,061	2,895	5,498
Assets of operations held for sale				79	79
TOTAL ASSETS	4,303	6,927	8,074	3,303	22,607

Approximately 28% of the group's total revenue was with EDF.

BY REGION**Financial Year 2016****Contribution to consolidated revenue by business segment and customer location**

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate	Total
France	364	316	1,178	183	2,041
Europe (excluding France)	127	272	230	2	631
North & South America	256	306	229	0	791
Asia-Pacific	690	123	88	0	900
Africa & Middle East	15	20	4	0	39
TOTAL	1,451	1,037	1,728	184	4,401

Closing balances of net property, plant and equipment and intangible assets (excluding goodwill) at December 31, 2016 by region and by business segment

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate	Total
France	91	4,246	2,210	24	6,572
Europe (excluding France)	175	-	0	0	175
North & South America	1,605	7	51	6	1,669
Asia-Pacific	2	-	0	0	3
Africa & Middle East	738	-	-	-	738
TOTAL	2,611	4,253	2,261	31	9,155

Acquisitions of property, plant and equipment and intangible assets (excluding goodwill) in 2016 by business segment and by the geographical area of the units

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate	Total
France	1	197	199	2	399
Europe (excluding France)	34	-	-	0	34
North & South America	63	0	10	2	75
Asia-Pacific	0	-	0	0	0
Africa & Middle East	36	-	-	-	36
TOTAL	135	197	209	4	544

Financial Year 2015**Contribution to consolidated revenue by business segment and customer location**

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate	Total
France	253	282	1,305	230	2,070
Europe (excluding France)	225	258	272	5	760
North & South America	273	318	239	0	830
Asia-Pacific	620	232	46	2	900
Africa & Middle East	77	16	5	0	98
TOTAL	1,447	1,106	1,867	237	4,658

Closing balances of net property, plant and equipment and intangible assets (excluding goodwill) at December 31, 2015 by region and by business segment

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate	Total
France	130	4,168	1,979	5	6,282
Europe (excluding France)	171	-	-	1	172
North & South America	1,571	1	44	-	1,616
Asia-Pacific	3	-	-	1	4
Africa & Middle East	1,103	-	-	-	1,103
TOTAL	2,979	4,169	2,024	6	9,177

Acquisitions of property, plant and equipment and intangible assets (excluding goodwill) in 2015 by business segment and by the geographical area of the units

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate	Total
France	2	275	154	1	433
Europe (excluding France)	55	-	-	0	55
North & South America	105	0	14	0	119
Asia-Pacific	0	-	-	0	0
Africa & Middle East	25	-	-	-	25
TOTAL	187	276	154	1	632

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts are presented in millions of euros unless otherwise indicated. Certain totals may have rounding differences.

“New AREVA Holding SA”, formerly called CERE, designates the parent company of the group, which includes all of the fuel cycle operations.

The group or “New AREVA Holding” designates the group constituted by New AREVA Holding and all of the subsidiaries and interests held directly or indirectly by New AREVA Holding SA.

“AREVA” designates the group constituted by AREVA SA and all of the subsidiaries and interests held directly or indirectly.

INTRODUCTION

In accordance with article L. 233-16 of the French Commercial Code, New AREVA Holding, which has exclusive control over several other companies and, at December 31, 2016, held securities admitted for trading on the regulated market, is required to publish consolidated financial statements. These consolidated financial statements were approved by the Board of Directors of New AREVA Holding SA on April 28, 2017.

Context of the forming of the New AREVA Holding group

In connection with its restructuring, AREVA has grouped all of its subsidiaries and interests in the nuclear fuel cycle (including the Mining, Front End and Back End operations) in New AREVA Holding.

In this regard:

- First, the bearers of bonds issued by AREVA SA maturing in 2017, 2019, 2020, 2021, 2022, 2023 and 2024, assembled in general meetings, and the sole holder of the 2018 bond approved the proposed contribution on September 19, 2016 and September 27, 2016 respectively.
- Secondly, on November 3, 2016, AREVA SA's shareholders, assembled in an Extraordinary General Meeting, also approved the draft partial asset contribution agreement signed between AREVA SA and New AREVA Holding SA (the “Contribution”), and the valuation of and payment for the Contribution, and delegated authority to the Board of Directors to effect the Contribution. Furthermore, the Contribution and capital increase of New AREVA Holding SA were approved by the New AREVA Holding shareholders on November 3, 2016.
- The Contribution was effected on November 10, 2016, giving rise to a capital increase for New AREVA Holding SA in the amount of 45 million euros and to an issue premium in the amount of 39 million euros in the individual financial statements of New AREVA Holding SA.

Other non-significant assets and liabilities related to the nuclear fuel cycle operations will also be the subject of transfers to finalize the planned scope by the time the capital increase of New AREVA Holding SA is carried, to be subscribed by the French State and by strategic investors.

Basis of preparation

Thus, the constitution of the group is the result of the partial contribution of AREVA SA assets to its subsidiary, New AREVA Holding SA, approved on November 3, 2016, ultimately without any change in AREVA's control over the contributed operations. This transaction involving the combination of entities under common control is excluded from the scope of IFRS 3 ("Business Combinations") and was therefore recognized based on historical carrying amounts as they appear in AREVA's consolidated financial statements.

It includes two parts, described hereunder in terms of accounting treatment:

- A "Legal Restructuring" consisting of transferring the nuclear fuel cycle operations of AREVA SA to New AREVA Holding SA. The group's consolidated financial statements for the year ended December 31, 2016 include historical carrying amounts in AREVA's consolidated financial statements for operations (carved-out subsidiaries, units, and assets and liabilities) attached to the legal entities contributed to New AREVA Holding SA on November 10, 2016. This transaction was recognized retroactively at January 1, 2015, date on which the historical carrying amounts were considered. Operations related to the nuclear fuel cycle included in the legal entities not directly or not indirectly controlled by New AREVA Holding SA at December 31, 2016 are therefore not included in the group's consolidated financial statements at December 31, 2016 (see Context of the forming of the New AREVA Holding group);
- A "Financial Restructuring": these transactions, associated with the changes made to the methods of financing the New AREVA Holding group's transactions with a view to a loss of AREVA SA's control of New AREVA Holding, were recognized in their historical amounts on the date they were carried out, i.e. November 10, 2016. These transactions include the transfer of bond debt and of current accounts between AREVA SA and the entities of the New AREVA Holding scope of consolidation, and a contribution of cash.

The assets and liabilities appearing in the comparative financial statements of 2015 reflect historical financial conditions for the operations concerned (financing by AREVA SA current accounts). In 2015, the subsidiaries of the nuclear fuel cycle were financed by AREVA SA and the current accounts, intercompany borrowings and loans were not eliminated between the entities belonging to the New AREVA Holding scope and AREVA SA. In 2016, the subsidiaries of the nuclear fuel cycle were funded by New AREVA Holding as from the effective date of the Contribution; accordingly, transactions and balances between New AREVA Holding and its subsidiaries are eliminated as from that date.

Reciprocal transactions between the New AREVA Holding group and AREVA's other entities

All of the balances related to current transactions between the New AREVA Holding group and AREVA's other entities were presented on the statement of financial position as receivables from or payables to third parties, and are therefore not eliminated.

Note 1 – HIGHLIGHTS OF THE PERIOD, ESTIMATES AND JUDGMENTS, AND ACCOUNTING PRINCIPLES

1.1 MAJOR EVENTS OF THE YEAR

European Commission consent for the Restructuring Plan

On April 29, 2016, the French authorities notified the European Commission of a restructuring aid measure which takes the form of twin capital increases by the injection of public capital in the amount of 2 billion euros in AREVA and in the maximum amount of 2.5 billion euros in New AREVA Holding.

On January 10, 2017, at the end of the review of the matter by the European Commission, the latter authorized the French State's participation in the capital increases of AREVA and of New AREVA Holding, finding in particular that (i) the planned aid measures enable the group's return to long-term viability, (ii) the group is contributing significantly to the costs of its restructuring and (iii) the compensatory measures proposed by the group are sufficient and adequate.

The European Commission's authorization is conditioned on the fulfillment of the following two preconditions:

- the findings of the Autorité de sûreté nucléaire ("ASN") on the results of the demonstration program concerning the problem of carbon segregation identified in parts of the EPR reactor vessel of the Flamanville 3 project, without calling into question the suitability for service of the vessel parts due to that segregation or, alternatively, a decision by EDF, duly notified to the group in view of the sale of New NP, to waive the condition precedent related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor's vessel; and
- the European Commission's authorization of the merger between EDF and New NP.

Moreover, the European Commission's authorization is accompanied by a certain number of commitments on the part of the group until the end of its restructuring plan, i.e. the end of 2019. In particular, it covers the obligation not to proceed with acquisitions of interests in companies which it does not already control (with the exception of (i) a certain number of already identified projects and (ii) after the European Commission's authorization of projects which would be necessary to its return to viability), and the obligation to withdraw completely from the reactor and fuel assembly operations. By that date, neither AREVA nor New AREVA Holding will have a capitalistic relationship with New NP.

On January 10, 2017, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA in the amount of 2 billion euros and the other for New AREVA Holding in the amount of 1.3 billion euros, to enable the group to meet its financial obligations until the effective completion of the AREVA and New AREVA Holding capital increases.

These advances from the shareholder current account, to be credited to the amount of the above-mentioned capital increases reserved for the French State, will be reimbursed by converting the State's receivable into capital within the framework of those capital increases, subject to the fulfillment of the two preconditions described above.

New AREVA Holding capital increase

The capital increase of New AREVA Holding in the total amount of 3 billion euros is to be subscribed by the French State and strategic investors.

The objective of this capital increase is to enable New AREVA Holding to meet its financial obligations and to develop, before being in a position in the medium term to refinance on the markets. The French State confirmed its commitments to participating in the Capital Increase at the maximum level of 2.5 billion euros, alongside strategic investors.

The proposed New AREVA Holding capital increase was submitted for approval to the General Meeting of New AREVA Holding Shareholders held on February 3, 2017. The execution of this capital increase is subject to the fulfillment of the conditions accompanying the European Commission's authorization of January 10, 2017 (see above).

Following this capital increase, and subject to its completion, AREVA would hold a minority interest in New AREVA Holding of approximately 40% of the capital and voting rights, leading to the loss of AREVA's control of New AREVA Holding.

Furthermore, the completion of the New AREVA Holding capital increase is subject to the consent of third parties for the change of control of New AREVA Holding control and for the change in the nature of AREVA's operations.

Commitments from strategic investors to participate in the New AREVA Holding capital increase

The industrial groups Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd expressed interest in participating in the New AREVA Holding capital increase and formulated offers to that effect on December 15, 2016.

These strategic investors have committed to participating in the New AREVA Holding capital increase at the level of 500 million euros, corresponding to a 10% target interest, and will thus become New AREVA Holding shareholders alongside the French State and AREVA, subject to the signature of the final agreements and the completion of the above-mentioned capital increase.

On March 21, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd industrial groups, the Commissioner of State shareholdings, and the AREVA group entered into force.

Voluntary Departure Plan and adaptation of the group's workforce

In July 2015, as part of its performance plan, the AREVA group had announced its intention of reducing its international workforce by 6,000 people by the end of 2017 in relation to December 31, 2014.

In France, as concerns the New AREVA Holding scope of consolidation, Voluntary Departure Plans (VDP) were launched for the companies of AREVA Mines, AREVA NC, AREVA Business Support, SET and Eurodif Production, which represent close to 70% of the national workforce. These plans aimed for the elimination of 2,075 jobs over the 2016-2017 period and for a net reduction of 1,635 jobs from a reference point at the end of August 2015. The voluntary period of these departure plans ended in late November 2016.

Under the provisions of the VDP, 1,099 departures were recorded, 62% of which occurred under various retirement or early retirement formulas of the Plan and 38% of which were employees who left the group. In addition, close to 450 departures outside the PDVs were recorded from the same reference point of August 30, 2015, mainly due to conventional early retirement at AREVA NC, Eurodif Production and SET, to resignations and to retirement before the voluntary period of the plans had begun.

Liquidity position and going concern

At December 31, 2016, New AREVA Holding had current borrowings of 1.022 billion euros, mainly consisting of the bond issue in the amount of 797 million euros maturing on October 5, 2017 and a redeemable syndicated bank loan of 72 million euros.

To meet those commitments and ensure the continuity of operations in 2017, the main sources of financing in 2017 are spread out as follows:

- Gross cash on hand at January 1, 2017 in the amount of 1.434 billion euros, including a shareholder loan account vis-à-vis AREVA SA in the amount of 1.299 billion euros;
- An advance to New AREVA Holding SA in the amount of 1.3 billion euros from the shareholder current account of the French State, as authorized by the European Commission on January 10, 2017. This advance from the shareholder current account, to be credited to the capital increase of New AREVA Holding planned in 2017, will bridge the gap with the latter.
- The objective of carrying out this capital increase is to strengthen the capital structure of New AREVA Holding and enable it to meet its liquidity requirements.

Taken together, these items will ensure the continuity of operations for the 2017 financial year.

Beyond 2017, the significant debt maturities for New AREVA Holding in 2018 consist of the repayment of a private placement maturing on September 20, 2018 in the equivalent of approximately 65 million euros and a debt maturity of 58 million euros concerning the redeemable syndicated bank loan.

1.2 ESTIMATES AND JUDGMENTS

To prepare its financial statements, New AREVA Holding 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. New AREVA Holding updates its estimates and judgments on a regular basis to reflect past experience and other factors deemed pertinent, based on economic conditions. As a function of changes in these assumptions or in circumstances, the amounts appearing in its future financial statements may differ from current estimates, particularly in the following areas:

- operating margins on contracts recognized according to the percentage of completion method (see Notes 1.3.7 and 23), which are estimated by the project teams and reviewed by management following the group's procedures;
- cash flow forecasts and the discount and growth rates used for impairment tests for goodwill and other plant, property and equipment and intangible assets (see Notes 1.3.9, 10, 11 and 12);
- all assumptions used to assess the value of pension commitments and other employee benefits, including future payroll escalation and discount rates, retirement age and employee turnover (see Notes 1.3.15 and 22);
- all assumptions used to assess the value of provisions for end-of-lifecycle operations and the assets corresponding to the third-party share, in particular:
 - the estimated costs of those operations;
 - the inflation and discount rates;
 - the schedule of future disbursements;
 - the operating period of the facilities (see Notes 1.3.17 and 13);
 - the scenario chosen with regard to knowledge of the initial condition of the facilities, of the target final condition, and of the waste treatment and removal methods;
 - the procedures for final shut-down;
- the assumptions used to assess provisions for work still to be performed, in particular for waste treatment methods that do not presently exist: the estimated costs of those operations, the schedule of future disbursements, and the inflation and discount rates;
- the assumptions used to value provisions for restructuring and provisions for voluntary departure plans (see Notes 1.3.16 and 23);
- estimates and judgments regarding the outcome of disputes in progress and, more generally, estimates regarding all of the provisions and contingent liabilities of New AREVA Holding (see Notes 1.3.16, 23 and 32);
- estimates and judgments relative to the recoverability of accounts receivable from the group's customers and other accounts receivable (see Notes 1.3.11 and 1.3.12.3);
- estimates and judgments regarding the material or durable nature of the impairment of available-for-sale financial assets (see Notes 1.3.12, 13 and 15);
- estimates of future taxable income used to recognize deferred tax assets (see Notes 1.3.22 and 8);
- the share in equity and net income of joint ventures and associates that had not yet published their year-end financial statements as of the date of year-end closing of New AREVA Holding's financial statements;
- the highly probable loss of control of assets and operations classified a "held for sale", in accordance with IFRS 5 (see Notes 1.3.1.1 and 9), and estimates relative to the net income from sales of assets and operations classified as "held for sale" (see Note 9).

1.3 ACCOUNTING PRINCIPLES

Pursuant to European Regulation 1606/2002 of July 19, 2002, New AREVA Holding's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union at December 31, 2016. They include the International Accounting Standards (IAS), the IFRS and the interpretations issued by the IFRS Interpretations Committee (IFRS-IC) and by the former Standing Interpretation Committee (SIC). These financial statements are also consistent with IFRS standards drawn up by the International Accounting Standards Board (IASB), insofar as the mandatory adoption date of the standards and amendments published by the IASB and not yet adopted by the European Union at December 31, 2016 is later than that date.

Mandatory effective date of January 1, 2016 for new standards and interpretations

- Amendments resulting from annual improvement processes for the 2010-2012 period
- Amendments resulting from annual improvement processes for the 2012-2014 period
- Amendment to IAS 19 "Employee Benefits: employee contributions to defined benefit plans"
- Amendment to IFRS 11 "Acquisition of an interest in joint operations"
- Amendments to IAS 16 and IAS 38 "Acceptable methods of depreciation and amortization"
- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities"
- Amendment to IAS 1, first part of the "Disclosure Initiative"

The mandatory effective date of January 1, 2016 of the amendments has no significant impact on the group's consolidated financial statements.

New standards and interpretations which do not yet have a mandatory effective date

New standards and interpretations adopted by the European Union which do not yet have a mandatory effective date

- IFRS 9 "Financial Instruments" was published on July 24, 2014 and adopted by the European Union on November 22, 2016. It will be mandatory for financial years beginning January 1, 2018 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". It defines new principles for the classification and measurement of financial instruments, the impairment of financial assets due to credit risk, and general hedge (or micro-hedge) accounting. The group carried out an analysis of the issues and potential impacts which Phase 1 "Classification and Measurement" and Phase 2 "Impairment" of this new standard could have on assets earmarked for end-of-lifecycle operations. In fact, according to IFRS 9, the classification and measurement of financial assets will depend on the business model and contractual characteristics of the instruments. During their initial recognition, the financial assets will be classified at amortized cost in fair value through equity or in fair value through profit and loss. The application of these two criteria could lead to a different classification and measurement of assets earmarked for end-of-lifecycle operations than in IAS 39. In addition, Phase 2 of the standard, "Impairment", introduces a new impairment model for credit risk based on expected losses. This model will require recognition of 12-month expected credit losses on purchased or originated instruments (resulting from the risk of defaults in the next 12 months) at their initiation. Full lifetime expected credit losses (resulting from the risk of defaults over the remaining life of the instrument) will have to be recognized if the credit risk has increased significantly since initial recognition. The group is analyzing the potential impacts that application of this model would bring to its portfolio of earmarked assets. At this stage of the analysis, the principal impacts expected are an increase in the volatility of the statement of income, unless the group changes the terms for management of its earmarked funds. However, optimization of the yields of assets in the earmarked funds will remain the group's priority, independently of the volatility that their recognition will bring about in the financial statements.
- IFRS 15 "Revenue from Contracts with Customers" was published on May 28, 2014 and adopted by the European Union on September 22, 2016. The mandatory effective date is January 1, 2018. It will replace several standards and interpretations related to recognition of revenue, in particular IAS 18 "Revenue Recognition" and IAS 11 "Construction Contracts". This standard rests on principles described in a five-step model to determine when and in what amount income from ordinary operating activities should be recognized. The group has spent considerable effort on the training of its financial and operating teams

to raise their awareness of the changes that the new standard could bring. The different types of contracts and identification of the issues that the standard might bring are being analyzed.

New standards and interpretations not yet adopted by the European Union

- IFRS 16 “Leases”
- IFRS 15 “Revenue from Contracts with Customers” - Clarifications
- Amendment to IAS 12 “Income Taxes”: recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value
- Amendment to IAS 7 “Statement of Cash Flows”: reconciliation of net debt between opening and closing
- Amendment to IFRS 4 “Insurance Contracts”
- Amendment to IFRS 2 “Share-based Payment”: clarification on the measurement and in the event of modification of a cash-settled or equity-settled plan

1.3.1 PRESENTATION OF THE FINANCIAL STATEMENTS

1.3.1.1. Operations sold, discontinued and held for sale

Operations sold, discontinued and held for sale are presented in the financial statements in accordance with IFRS 5. Operations held for sale correspond to distinct, principal operating segments within the group for which management has initiated a disposal plan expected to lead to a loss of control and an active program to search for buyers, and whose sale is deemed highly probable within the 12 months following the end of the financial year (which may be extended in the event of particular circumstances).

Discontinued operations correspond to operating segments whose operation was terminated at the date of closing of the financial year.

Valuation

- Before proceeding to classification as “operations held for sale”, all of the assets and liabilities concerned were valued in accordance with the accounting principles historically applied by AREVA, described in Note 1.3.
- As from their date of classification as “operations held for sale”:
 - Non-current assets such as goodwill, intangible assets, property, plant and equipment, and interests in joint ventures and associates follow specific rules imposed by IFRS 5. In particular:
 - amortization of amortizable assets ceases;
 - interests in joint ventures and associates cease to be consolidated by the equity method.
 - The other assets and liabilities continue to be valued according to the principles described in Note 1.3.

Thus determined, the group’s carrying amount of assets held for sale and related liabilities is compared with its fair value less disposal costs, giving rise if necessary to the recognition of impairment.

Presentation

- The assets and liabilities of operations held for sale are presented in their total amount under specific headings of the statement of financial position. The payables and debt of these operations towards the group's other entities continue to be eliminated on consolidation. The comparative statement of financial position is not restated.
- Net income from operations sold, discontinued and held for sale is presented under a specific heading of the statement of income, which includes the net income after tax of those operations until the date of their termination or disposal and the net gain after tax on the disposal itself. The statement of income from the previous year is presented for purposes of comparison and restated in identical fashion. This heading also includes the impact on the statement of income of post-disposal price adjustments and warranties granted to the buyer. The elimination of the income and expenses of these operations with respect to the group's other entities aims to present the revenue earned with companies outside the group and reflects the manner in which the transactions will be continued.
- Net cash flows from operations sold, discontinued and held for sale are also presented under a specific heading of the statement of cash flows, which includes cash flows generated by those operations until the date of their termination or disposal and the net cash flow after tax generated on the disposal itself. The statement of cash flows of the previous year, presented for comparison, is restated in identical fashion. This heading also includes the impact of post-disposal price adjustments on the statement of cash flows and warranties granted to the buyer. The cash flow from these operations with respect to the group's other entities continue to be eliminated in consolidation.

Appended information

IFRS 5 contains specific provisions concerning assets which have their own valuation methods.

- For non-current assets (including those belonging to a group of assets held for sale) falling within the scope of IFRS 5, the other standards do not apply unless they contain provisions specifically concerning those assets.
- For the other assets and liabilities included in a group of assets held for sale, the other standards apply.

1.3.1.2 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 are those which were held for sale or for use in connection with the operating cycle, or which are expected to be sold or settled within 12 months of the end of the period.

Financial liabilities are divided between current and non-current liabilities based on their remaining maturity at year-end.

To simplify the presentation of the statement of financial position, New AREVA Holding presents all headings relating to its end-of-lifecycle operations, as defined in Note 13, on separate lines under non-current assets and non-current liabilities, in their full amount. Thus, provisions for end-of-lifecycle operations are presented as non-current liabilities; the end-of-lifecycle assets corresponding to the share of third parties in the funding of those operations are presented under non-current assets. Financial assets earmarked to cover those operations are presented in a separate heading under non-current assets, which includes all equities and shares of earmarked equity mutual funds and bonds held in the portfolio, together with cash held on a short-term basis.

Similarly, provisions for employee benefits are presented under non-current liabilities in their full amount.

Deferred tax assets and liabilities are shown as non-current.

1.3.1.3. Presentation of the statement of income

In the absence of detailed guidance in IAS 1, the statement of income is presented in accordance with recommendation 2013-03 of the Autorité des normes comptables (French national accounting board).

- Operating income is presented based on an analysis of expenses by function. Operating expenses are split among the following categories:
 - cost of sales;
 - research and development expenses;
 - marketing and sales expenses;
 - general and administrative expenses;
 - 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 they are qualified as discontinued operations in accordance with IFRS 5, in which case they are presented on a separate line of the statement of income);
 - reversals of impairment of property, plant and equipment and intangible assets;
 - other operating expenses, mainly comprising the following items:
 - costs of restructuring and early employee retirement plans;
 - goodwill impairment;
 - impairment of and losses on disposals of property, plant and equipment and intangible assets;
 - losses from the deconsolidation of subsidiaries (except when they are qualified as discontinued operations in accordance with IFRS 5).

New AREVA Holding presents the income resulting from the research tax credit program in France as a reduction in research and development expenses and presents the income from the competitiveness and employment tax credit program as a reduction in payroll expenses in each expense category by function.

- As indicated in Note 1.3.2, New AREVA Holding presents the share in net income of joint ventures and associates whose operations are an extension of the group's operations under a statement of income heading immediately below operating income, and presents a new sub-total entitled "Operating income after share in net income of joint ventures and associates".
- Net financial income comprises:
 - gross borrowing costs;
 - income from cash and cash equivalents;
 - other financial expenses, including in particular:
 - lasting impairment and gains or losses on disposals of available-for-sale securities;
 - negative changes in value of securities held for trading;
 - unwinding of provisions for end-of-lifecycle operations and employee benefits;
 - other financial income, including in particular:
 - 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 of securities held for trading;
 - unwinding of end-of-lifecycle assets (third-party share);
 - returns on retirement plan assets and other employee benefits.

1.3.1.4. Presentation of the statement of comprehensive income

The statement of comprehensive income explains the transition from net income to comprehensive income on a statement separate from the statement of income, in accordance with the election made by New AREVA Holding to apply amended IAS 1.

It presents "Other items of comprehensive income" as either recyclable or non-recyclable to the statement of income.

- Items recyclable to the income statement include:
 - currency translation adjustments of consolidated entities,
 - changes in the value of available-for-sale financial assets; and
 - changes in the value of cash flow hedging instruments.
- Items not recyclable to the income statement include actuarial gains and losses arising subsequent to January 1, 2011, the date of retroactive application of amended IAS 19 (see Note 1.3.15).

These items are presented before tax. The total tax impact of these items is presented on a separate line under "recyclable items" and "non-recyclable items".

The share of other items of comprehensive income relating to operations sold or held for sale is presented on separate lines of that statement in their total amount after tax, separating items that are recyclable through profit and loss from items that are not recyclable.

The share of other items of comprehensive income relating to associates is presented on a separate line in the total amount after tax. However, items that are recyclable are not separated from items that are not recyclable, as the amounts are insignificant.

1.3.1.5. Presentation of the statement of cash flows

The statement of cash flows is presented in accordance with IAS 7. New AREVA Holding 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 associates consolidated using the equity method, which are included in cash flows from investing activities.

Cash provided by operations is presented before income tax, dividends and interest.

1.3.2 CONSOLIDATION AND EQUITY METHODS

The consolidated financial statements combine the financial statements for the year ended December 31, 2016 of New AREVA Holding and of the subsidiaries which it controls, per the criteria defined in IFRS 10, and which are fully consolidated.

Joint ventures (companies in which New AREVA Holding exercises joint control with one or more other investors and which do not meet the definition of a joint business operation) and associates (companies in which New AREVA Holding exercises a notable influence on financial policy and management) are consolidated using the equity method. Under the equity method:

- the share of the equity of these companies, corresponding to the percentage of interest held by New AREVA Holding plus any goodwill generated during the acquisition of the interest, is recognized as an asset on the consolidated statement of financial position;
- the share of the net income of these companies, corresponding to the percentage of interest held by New AREVA Holding less any impairment of goodwill, is recognized on the consolidated statement of income.

In accordance with IAS 28, New AREVA Holding ceases to recognize its share of equity and income in joint ventures and associates when their equity is negative, unless New AREVA Holding is explicitly or implicitly obliged to ensure the continuity of their operations.

Joint ventures and associates cease to be consolidated using the equity method when they are classified under "non-current assets held for sale" (see section 1.3.1.1 above). They are then valued at the lowest of their carrying amount or their fair value, less disposal costs, corresponding to their probable net realizable value.

Intercompany transactions are eliminated.

1.3.3. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The New AREVA Holding 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 that 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:

- balance sheet 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;
- transactions of the income statement and cash flow statement are translated at average annual exchange rates;
- currency translation differences on the net income and equity of these companies are recognized in "Other items of comprehensive income" and presented on the balance sheet under the equity heading "Currency translation reserves". When a foreign company is discontinued or sold, the associated currency translation reserves recognized after January 1, 2004 (date of first-time adoption of the IFRS standards) are recognized in profit and loss.

1.3.4. OPERATING SEGMENTS

New AREVA Holding presents its business segment information by operating Business Group, which corresponds to the level at which performance is examined by the group's steering bodies, in accordance with the requirements of IFRS 8. The three operating segments presented are Mining, Front End and Back End.

Information by business segment relates only to operating data included in the statement of income and the statement of financial position (revenue, EBITDA, goodwill, non-current property, plant and equipment and intangible assets, and other operating assets). In fact, New AREVA Holding has adopted centralized management of its financial assets and liabilities and of its tax position; the corresponding items in the statement of income and statement of financial position are not allocated to the operating segments.

In addition, New AREVA Holding reports data by geographical area. New AREVA Holding's consolidated revenue is allocated among five geographical areas based on the destination of goods and services: France, Europe excluding France, North and South America, Asia-Pacific, Africa and the Middle East.

1.3.5. 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 by IFRS 1 for the first-time adoption of IFRS, business combinations prior to December 31, 2003 were not restated.

Under the method required by this standard, 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 discontinued operating segments of the acquired entity, 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 New AREVA Holding 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 resulting from a current obligation on the date of acquisition are recognized as identifiable liabilities and recorded at their fair value on that date.

New AREVA Holding did not apply the "total goodwill" method authorized by amended IFRS 3 for acquisitions subsequent to January 1, 2010, and continues to apply the "partial goodwill" method. Under that method:

- the goodwill recorded in assets corresponds to the difference between the acquisition price of the operations or shares of the company acquired and the share of the fair value of the corresponding assets, liabilities and contingent liabilities on the date of the acquisition;
- minority interests are valued initially at the fair value of assets, liabilities and contingent liabilities recognized on the date of acquisition, prorated for the percentage of interest held by the minority shareholders.

The valuation of the acquired company's assets, liabilities and contingent liabilities on the acquisition date may be adjusted within twelve months of that date; this also applies to the valuation of the acquisition price when 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 those tests indicates that it is necessary. Significant loss of market share, loss of administrative permits or licenses required to operate a business, or heavy 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 1.3.9).

If the recoverable amount of the cash-generating unit is less than the net carrying amount of its assets, impairment is allocated first to goodwill and then to other non-current assets of the CGU (property, plant and equipment and intangible assets), prorated for their net carrying amount. The recoverable amount of a CGU is the higher of (1) its value in use, measured according to 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 business, the amount of goodwill allocated to it is included in its net carrying amount of the business sold and is thus taken into consideration to determine the gain or loss on disposal.

If an asset or group of assets is sold which constitutes part of a CGU to which goodwill is allocated, a share of this goodwill is assigned based on objective criteria to the asset or group of assets sold; the corresponding amount is used to determine the income from the sale.

1.3.6. RECOGNITION OF REVENUE

Revenue is valued at the fair value of the consideration received or to be received, net of rebates and sales taxes.

It includes:

- revenue from construction contracts and certain services recognized according to the percentage of completion method in accordance with IAS 11 (see Note 1.3.7 hereunder); and
- revenue from other sales of goods and services recognized when most of the risk and rewards are transferred to the customer in accordance with IAS 18.

Revenue related to transactions in which the group only acts as an intermediary, without bearing the risks and rewards attached to the goods involved, consists of the profit obtained by the unit. The same is true for commodity trading activities, which primarily concern the uranium trading business.

No income is recognized when materials or products are exchanged for materials or products of a similar nature and value.

1.3.7. 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.

In application of this method, revenue and income from contracts are recognized over the period of performance of the contract. Depending on the type and complexity of the contracts, the group applies the percentage of completion method based on costs incurred or on the percentage of physical completion.

- Under the cost-based PCM formula, the percentage of completion is the ratio of costs incurred (the costs of work or services performed and confirmed at 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 at the end of the accounting period.
- Under the physical 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 financial contract terms translate into significant cash surpluses during all or part of the contract's performance, the resulting financial income is included in contract income and recognized in revenue based on the percentage of completion.

New AREVA Holding 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 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.

When estimated income at completion is negative, the loss at completion is recorded immediately in income, after deduction of any already recognized partial loss, and a provision is set up accordingly.

1.3.8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

1.3.8.1. Initial recognition

Property, plant and equipment and intangible assets are valued using the amortized cost method.

New AREVA Holding 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.

1.3.8.2. Inclusion of 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 amended IAS 23 accounting standard, 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.

1.3.8.3. Intangible assets

Research and development expenses

Research and development expenses incurred by New AREVA Holding 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:

- technical feasibility;
- 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 probable useful life of the intangible asset, as 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 and pre-mining development

Mineral exploration and pre-development work are valued according to the following rules:

- Exploration expenses whose purpose is to identify new mineral resources, and expenses related to assessments and pre-development of identified deposits are incurred before project profitability is determined and are recognized as research and development expenses for the period.
- Pre-mining development expenses concern a project which, as of the date of the financial statements, has a strong chance of technical success and commercial profitability, and 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 emissions allowances

Following the withdrawal of IFRIC 3 by the IASB, and pending a decision by regulators on accounting for greenhouse gas emission allowances, New AREVA Holding does not recognize an asset or provision as long as the group's emissions are lower than the allowances it has received.

New AREVA Holding does not trade speculatively on emission allowance markets. The group's only transactions 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 recognized when it is probable that future economic benefits therefrom will accrue to the company and if the cost of this asset can be reliably estimated based on reasonable and documented assumptions.

Intangible assets are recorded at their acquisition or production cost.

Goodwill and trademarks produced internally are not capitalized.

Depreciation of intangible assets is calculated using the most appropriate method for the asset category (straight-line depreciation or as a function of the production units), starting on the date they were placed in service and over the shorter of their probable period of use or, when applicable, the length of their legal protection.

An intangible asset whose useful life is not defined, such as a brand, is not amortized, but is subject to impairment tests (see Note 1.3.9).

1.3.8.4. 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 New AREVA Holding group's share of provisions for end-of-lifecycle operations, estimated at the date they are placed in service, termed "end-of-lifecycle assets – group share" (see Note 1.3.17). In accordance with IFRIC 1, changes in provisions for end-of-lifecycle operations coming from

changes in estimates or calculation assumptions and relating to nuclear facilities in operation are offset by a change in the same amount of the assets to which these provisions relate.

Property, plant and equipment are depreciated based on the approach deemed most representative of the economic depreciation of the assets (straight-line depreciation or as a function of the production units); each component is depreciated over its specific useful life.

Mining land is depreciated over the operating period 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.

The nuclear facilities are depreciated on a straight line over their useful life, measured by taking into account the duration of the portfolios of existing or reasonably foreseeable contracts performed in those facilities.

Depreciation periods are revised if the group's backlog changes significantly.

Changes in the asset value of those facilities, recognized as an offset to changes in the value of provisions for the corresponding end-of-lifecycle operations, as explained above, are depreciated prospectively over their remaining useful life.

Assets financed under leasing arrangements, which transfer, in substance, nearly all the risks and rewards inherent in ownership of the asset to New AREVA Holding, 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.

1.3.9. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets with an indefinite useful life

Impairment tests on goodwill and intangible assets with indefinite useful lives are systematically performed at least once a year. These tests are performed at the level of the cash-generating units (CGU) to which such goodwill and intangible assets belong.

A CGU is defined as the smallest group of assets whose use generates cash inflows independently of 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 the assets belonging to it. The recoverable amount of a CGU is the higher of:

- its fair value less disposal costs, corresponding to the net realizable value based on observable data when available (recent transactions, offers received from potential acquirers, reported ratios for comparable publicly traded companies) or on analyses conducted by internal or external experts of the New AREVA Holding group;
- its value in use, which is equal to the present value of the estimated future cash flows it generates, plus its "residual value", corresponding to the present value of cash flows for the "base" year, discounted to infinity, estimated at the end of the future cash flow period. However, some CGU have a defined lifecycle (by ore resources in Mining or by the duration of operating permits in the nuclear businesses); the cash flows taken into account to assess their value in use are not discounted to infinity but within the limit of their expected operating life. To determine the value in use, future cash flows are discounted based on a discount rate which reflects current assessments of the time value of money and the specific risk of the asset or the CGU in question.

Other property, plant and equipment and intangible assets

Impairment tests are performed when there is an indication of impairment of property, plant and equipment or intangible assets with finite useful lives.

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.

1.3.10. INVENTORIES AND WORK-IN-PROCESS

Inventories and work-in-process are valued at their production cost in the case of goods and at their acquisition cost in the case of goods acquired for consideration. For valuation, either the “first-in first-out” method (FIFO) or the “weighted average” method is used (weighted average cost per unit), depending on the category of inventory.

When the probable net market value of inventory or work-in-process is less than its net cost, it is written down.

Financial expenses and research and development costs funded by New AREVA Holding 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, as is amortization of capitalized development expenditures.

The costs incurred to get a contract from a customer (“proposal costs”) are recognized in work-in-process when there is a high probability on the date of year-end closing that the contract will be signed; in the opposite case, the proposal costs are recognized in profit and loss under “Marketing and sales expenses” and “General and administrative expenses.”

1.3.11. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable, generally due in less than one year, are recognized using the “amortized cost” method.

An impairment charge is recognized to reflect the probable recovery value when collection is not assured.

1.3.12. 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 1.3.21);
- 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.

1.3.12.1. Assets earmarked for end-of-lifecycle operations

This heading brings together all of the investments that New AREVA Holding has decided to devote to the funding of its future end-of-lifecycle operations in the nuclear business, including facility dismantling and waste retrieval and packaging. It includes directly-held publicly traded shares and bonds, dedicated share investment funds, dedicated bond and money-market investment funds, and cash. It also includes receivables resulting from agreements with third parties liable for payment of a share of the financing of end-of-lifecycle operations. These receivables are recognized using the amortized cost method.

- Publicly traded shares are classified as “available-for-sale securities” defined in IAS 39. They are recognized at their fair value, corresponding to the last traded price of the year. Changes in value are recorded under “Other items of comprehensive income” and are presented on the balance sheet in their after-tax amount under “Deferred unrealized gains and losses on financial instruments”, except for lasting impairment, which is recorded in net financial income for the year.
- New AREVA Holding does not consolidate its earmarked investment fund assets on a line-by-line basis insofar as the company does not control them according to IFRS 10 criteria:
 - New AREVA Holding is not involved in the management of the dedicated investment funds, which are managed by independent and reputable asset management firms. These investment funds are benchmarked to the MSCI index of large European capitalizations, with strict limits on risk. Furthermore, the funds are regulated by the French stock market authority AMF (Autorité des marchés financiers) and therefore subject to regulations governing investment and concentration of risk.
 - New AREVA Holding does not have control over the mutual funds’ management firms.
 - New AREVA Holding does not hold voting rights in the mutual funds.

- The investment funds do not trade directly or indirectly in financial instruments issued by New AREVA Holding.
- None of the financial investments made by the funds are strategic to New AREVA Holding.
- New AREVA Holding receives no benefit and bears no risk other than that normally associated with investments in investment funds and in proportion to its holding.
- New AREVA Holding may terminate the management agreements only in specific cases (gross negligence, fraud, etc.). Consequently, New AREVA Holding cannot replace a fund management company at will.

Accordingly, the dedicated investment funds are recorded on a single line in the balance sheet in an amount corresponding to New AREVA Holding's share of their net asset value as of the end of the year.

In view of the long-term investment objective, investment funds earmarked to fund end-of-lifecycle operations are classified as "available-for-sale securities". Consequently, the accounting treatment of changes in value and the methods of assessing and recognizing impairment are identical to those applicable to traded shares held directly.

- As an exception to the rules described above, bonds held directly as well as certain dedicated investment funds consisting exclusively of bonds held to maturity are classified in the "securities held to maturity" category and valued using the amortized cost method.

1.3.12.2. Other available-for-sale securities

This heading combines the other shares held by New AREVA Holding in publicly traded companies, except for shares in joint ventures and associates consolidated under the equity method, and shares held for trading.

These shares are valued in the same manner as shares allocated to the dedicated portfolio:

- fair value equal to the last traded price of the year;
- changes in fair value recorded under "Other items of comprehensive income", except for lasting impairment, which is recognized in net financial income.

This item also includes the group's interests in the capital of unconsolidated companies, either because New AREVA Holding does not have control and has no significant influence over them, or because of they are insignificant. These shares are valued at their acquisition cost when their fair value cannot be estimated reliably. This is particularly the case for privately held companies.

1.3.12.3. Lasting impairment of assets earmarked for end-of-lifecycle operations and other available-for-sale securities

Lasting impairment is recognized in the event of a significant or prolonged drop in the price or net asset value of a line of securities below their initial value. This impairment is calculated as the difference between the prices traded on the stock market or the net asset value of the securities on the last day of the period and their initial value, corresponding to their historical acquisition cost.

New AREVA Holding 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, bond or equity investment funds; bonds or equities held directly;
- whether or not they are earmarked to fund end-of-lifecycle operations: assets earmarked for end-of-lifecycle operations must legally be held for very long periods of time, with expenses covered occurring after 2050.

New AREVA Holding has therefore established thresholds beyond which it considers that a drop in the price or net asset value of a line of securities is significant or prolonged and requires the recognition of lasting impairment. The impairment is measured for significance by comparing the price or net asset value of the line of securities with its historical acquisition cost. The prolonged nature of a drop is measured by observing the length of time during which the price or net asset value of the line of securities continued to be below its historical acquisition cost.

The drop is always considered significant or lasting if it exceeds the following thresholds, which are objective indicators of impairment:

	Significant	Lasting
Assets earmarked for end-of-lifecycle operations		
• Money-market investment funds	5%	1 year
• Bond investment funds and bonds held directly	25%	2 years
• Equity investment funds	50%	3 years
• Directly held shares	50%	3 years
Other available-for-sale securities		
• Directly held shares	50%	2 years

Securities that have dropped below these thresholds are not subject to lasting impairment unless other available information on the issuer indicates that the drop is probably irreversible. In that case, New AREVA Holding uses its own judgment to determine whether lasting impairment should be recognized.

These thresholds are likely to be re-estimated over time as a function of changes in the economic and financial environment.

Impairment of available-for-sale securities is irreversible in nature and may only be released to profit and loss on sale of the securities. An increase in prices or in net asset value subsequent to the recognition of impairment is recorded as a change in fair value under "Other items of comprehensive income". Any additional loss of value affecting a line of previously impaired securities is recorded as additional impairment in net financial income for the year.

1.3.12.4. Loans, advances and deposits

This heading mainly includes loans related to unconsolidated interests, advances for acquisitions of 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.

1.3.12.5. 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.

1.3.12.6. 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.

1.3.12.7. Cash and cash equivalents

Cash includes bank balances and non-trade current accounts with unconsolidated entities.

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.

1.3.13. TREASURY SHARES

Treasury shares are not recognized in the balance sheet but deducted from equity, at their acquisition cost.

1.3.14. ASSETS OF OPERATIONS HELD FOR SALE

Non-current assets held for sale and the assets of operations held for sale (see Note 1.3.1.1) 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 balance sheet; depreciation is discontinued upon transfer to this category.

1.3.15. EMPLOYEE BENEFITS

The group recognizes the total amount of its pension, early retirement, severance pay, medical insurance, long-service medals, accident and disability insurance, and other related commitments, whether for active personnel and for retired personnel, in application of the provisions of amended IAS 19.

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 these future payments is calculated using a discount rate specific to each geographic and currency area, determined as a function of the interest rate of government bonds issued by prime companies for the same duration as New AREVA Holding's benefit liabilities.

Actuarial gains and losses relating to post-employment benefits (change in the valuation of the commitment and financial assets due to changes in assumptions and experience differences) are recognized under "other items of comprehensive income" and are presented on the balance sheet in their after-tax amount under the equity account "consolidated premiums and reserves"; they are not recyclable to the income statement.

On the other hand, actuarial gains and losses relating to benefits for currently employed employees (e.g. long-service medals) are recognized in the income statement.

The effects of plan changes (gains and losses) are recognized in the income statement under the heading “other operating income and expenses”.

The costs relating to employee benefits (pensions and other similar benefits) are split into two categories:

- the discounting reversal expense for the provision, net of the expected yield on assets earmarked for retirement plans, are charged to net financial income; the expected yield of the assets is calculated using the same interest rate used to discount the provision;
- the current service cost is 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.

1.3.16. 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.

1.3.17. PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

Provisions for end-of-lifecycle operations are discounted by applying an inflation rate and a discount rate, determined based on the economic situation of the country in which the particular facility is located, to estimated future cash flows by maturity.

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

The New AREVA Holding group’s share of provisions for end-of-lifecycle operations, estimated at the date the corresponding nuclear facilities are placed in service, is an integral part of the cost of those facilities, which are recognized in property, plant and equipment (see Note 1.3.8.4) as “end-of-lifecycle assets – group share”.

The provisions for the retrieval and packaging of waste 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

The group's share of end-of-lifecycle assets is amortized over the same period as the facilities concerned.

The corresponding amortization expense is not considered as part of the cost of inventories or the cost of contracts, and is not taken into account in the calculation of their percentage of completion. However, it is included in the income statement under cost of sales and thus deducted from gross margin.

Inflation and discount rates used to discount end-of-lifecycle operations

The inflation and discount rates used to discount end-of-lifecycle operations are determined according to the following principles.

The inflation rate is set in accordance with the long-term inflation projections for the Eurozone and taking into account the European Central Bank's target rate.

The discount rate is set:

- pursuant to IAS 37, i.e. based on market conditions at year-end closing and the specific characteristics of the liability; and
- to comply with the regulatory cap defined by the decree of February 23, 2007 and the order of March 23, 2015 amending the order of March 21, 2007.

The rate thus results from implementation of the following approach:

- an estimate is made by reference to the moving average yield of 30-year French OATs over a 10-year period, plus a spread applicable to prime corporate borrowers, to ensure the compliance of the rate selected with the regulatory cap;
- a rate curve is constructed based on the rate curve of the French State (OAT rates) at the closing date, extended for non-liquid maturities using a long-term break-even rate, plus a spread applicable to prime corporate borrowers and a liquidity risk premium.

Based on expected disbursements, a single equivalent rate is deducted from the rate curve constructed in this manner.

For example, the discount rate is revised based on changes in national economic conditions with a lasting medium- and long-term impact, in addition to the potential effects of regulatory caps.

For facilities located in France, New AREVA Holding chose a long-term inflation assumption of 1.65% and a discount rate of 4.1% at December 31, 2016, a reduction compared with the rate of 4.5% in 2015.

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:

- if the facility is in operation, the shares of end-of-lifecycle assets of the group and third parties are corrected in the same amount as the provision; the group's share of end-of-lifecycle assets is amortized over the remaining life of the facilities;
- if the facility is no longer in operation, the impact is recognized during the year of the change. The impact of changes in cost estimates is recognized under operating income, while the impact of changes in discount rates and disbursement schedules is recognized under net financial income.

Provisions for waste retrieval and packaging funded by the group have no corresponding end-of-lifecycle asset. Consequently, changes in assumptions concerning the group's share of these provisions are recognized immediately in the income statement. Impacts from changes in cost estimates are recognized under operating income. Impacts from changes in discount rates and disbursement schedules are recognized under financial income.

1.3.18. BORROWINGS

Borrowings include:

- put options held by minority shareholders of AREVA group subsidiaries;
- obligations under finance leases; and
- other interest-bearing debt.

1.3.18.1. 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.

1.3.18.2. 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 (see Note 1.3.19);
- 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 fair value hedges are revalued in the same amount as the hedging derivative.

1.3.19. ADVANCES AND PREPAYMENTS RECEIVED

There are three types of advances and prepayments from customers:

- interest-bearing advances, which are presented as borrowings (see Note 1.3.18.2);
- customer advances and prepayments invested in non-current assets: this heading records the amounts received from customers and used to finance capital expenditures for the performance of long-term contracts to which they have subscribed;
- advances and prepayments on orders: this heading records advances and prepayments from customers that do not fall under the preceding two categories; they are reimbursed by charges to revenue earned from the contracts in question.

Only advances and prepayments effectively collected are recognized.

1.3.20. 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.

1.3.21. DERIVATIVES AND HEDGE ACCOUNTING

1.3.21.1. Risks hedged and financial instruments

The New AREVA Holding group uses derivative instruments 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, inflation 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.

1.3.21.2. 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 and any changes in value are recorded in 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 items are not valued in the balance sheet. Only the derivative hedges are revalued at the end of each accounting period. The portion of the gain or loss that is considered effective is recognized under "other items of comprehensive income" and presented directly in equity under the balance sheet heading "deferred unrealized gains and losses on financial instruments", on an after-tax basis. Only the ineffective portion of the hedge impacts income for the period.

The amounts recognized under "deferred unrealized gains and losses on financial instruments" are 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. Currency translation adjustments on these borrowings are recognized under "other items of comprehensive income" and presented on the balance sheet under "currency translation reserves" in their net amount after tax; only the ineffective portion is recognized through profit and loss.

The amount accumulated in currency translation reserves is released to profit and loss when the subsidiary in question 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.

1.3.21.3. Presentation of derivatives in the statement of financial position and statement of income

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 statement of income

The revaluation of derivatives and hedged items relating to market transactions affecting the statement of income is recognized under "other operating income and expenses", except for the component corresponding to the discount/premium, which 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.

1.3.22. INCOME TAX

As provided in IAS 12, deferred taxes are determined according for all temporary differences between net carrying amounts and the tax basis of assets and liabilities, to which is applied the anticipated tax rate at the time of reversal of these temporary differences. They are not discounted.

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 for recoverability, taking into account the income projections of the group's strategic action plan.

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 financial 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 "other items of comprehensive income", i.e. changes in the value of available-for-sale securities and derivatives considered as cash flow hedges, currency translation adjustments on borrowings considered as hedges of net investments in foreign operations, or actuarial gains and losses resulting from changes in assumptions used to calculate post-employment employee benefits. Deferred taxes related to these items are also recognized under "other items of comprehensive income".

New AREVA Holding 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 on net income (including the tax for Chamber of Commerce and Industry expenses) at the rate of 1.6%. New AREVA Holding 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.

As provided in IAS 12, this election requires recognition of deferred taxes at the rate of 1.6% on temporary differences for:

- assets that produce economic benefits subject to the CVAE tax that cannot be deducted from the value added. At January 1, 2010, the basis selected for temporary differences consisted of 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 on deferred tax assets and liabilities recognized for the CVAE, as described in the previous paragraph.

DEFERRED TAX ASSETS

The recoverable share of the New AREVA Holding group's deferred tax assets is that for which the probability of recovery is higher than 50%. To determine that probability, the group performs a three-stage analysis: (a) demonstration of the non-recurrent nature of the losses; (b) analysis of the outlook for future income; and (c) analysis of tax management opportunities.

Regarding the outlook for future income, the probability of future taxable profits to offset losses carried forward is assessed based on forecasts generated as part of the budget process validated by management. The income outlook is determined for a 10-year period for each entity and/or consolidated area, based on the initial budget and income forecasts for the first 3 years; beyond that time, a standard year derived from third-year data is used.

The 10-year forecasting horizon selected is consistent with the volume in group's backlog, the operating period of the assets, and the existence of certain framework agreements.

Note 2 – CONSOLIDATION SCOPE

The consolidation scope of the historical consolidated financial statements includes companies held directly or indirectly by entities in the New AREVA Holding consolidation scope at December 31, 2016, including those which carry the U.S. operations which were previously reorganized in order to hold directly, at the date of the Contribution, all of the investments in associates of AREVA Enrichment Services LLC (renamed AREVA Nuclear Materials).

Consequently, the consolidation scope does not include restructuring operations not carried out at December 31, 2016. The front-end and back-end engineering operations of AREVA Projects were excluded from the consolidation scope because they were contributed to New AREVA Holding on January 1, 2017.

2.1. Consolidated companies (French / foreign)

<i>(number of companies)</i>	2016		2015	
Consolidation method	French	Foreign	French	Foreign
Full consolidation	27	49	29	52
Equity method	1	6	1	6
Sub-total	28	55	30	58
Total	83		88	

2.2. 2016 transactions**Sale of Canberra France and its subsidiaries**

On July 1, 2016, New AREVA Holding sold Canberra, an AREVA NC subsidiary specialized in radioactivity detection and measurement instrumentation, to the industrial group Mirion Technologies, Inc.

Buy-back of interests in Société d'Enrichissement du Tricastin Holding

At the end of 2016, New AREVA Holding bought back part of the minority interests of SET Holding, amounting to 7% of the capital, from certain minority shareholders.

Buy-back of interests in Eurodif

At the end of 2016, New AREVA Holding bought back part of the interests in Eurodif's capital from certain minority shareholders.

Note 9 describes transactions which were ongoing at year-end 2016 and which are expected to be finalized in 2017.

2.3. 2015 transactions

There was no significant change in the consolidation scope in financial year 2015.

2.4. Consolidated companies and associates

Name of unit or controlling entity: Company name, legal form	Country	December 31, 2016		December 31, 2015	
		Method	Percentage of interest	Method	Percentage of interest
Holding & Corporate					
New AREVA Holding	France	FC	100	FC	100
AREVA NC SA	France	FC	100	FC	100
AREVA BS	France	FC	100	FC	100
AREVA University	France			FC	100
Chemistry and Enrichment Business Unit					
Eurodif SA	France	FC	100	FC	100
Eurodif Production	France	FC	100	FC	100
Socatri	France	FC	70.76	FC	59.65
Sofidif	France	FC	60	FC	60
SET Holding	France	FC	95	FC	88
SET	France	FC	95	FC	88
ETC	Great Britain	EM	50	EM	50
AREVA Nuclear Materials, LLC	United States	FC	100	FC	100
Mining Business Unit					
AREVA Resources Southern Africa	Virgin Islands	FC	100	FC	100
AREVA Resources Canada	Canada	FC	100	FC	100
Katco	Kazakhstan	FC	51	FC	51
AREVA Mines	France	FC	100	FC	100
Somaïr	Niger	FC	63.40	FC	63.40
CFMM	France	FC	100	FC	100
SMJ	France	FC	100	FC	100
CFM	France	FC	100	FC	100
UG USA Inc	United States	FC	100	FC	100
AREVA Holdings Australia Pty Ltd	Australia	FC	100	FC	100
Société d'exploitation d'Imouraren	Niger	FC	57.66	FC	57.66
AREVA Est Canada Ltée	Canada	FC	100	FC	100
Urangesellschaft Canada Limited	Canada	FC	100	FC	100
UraMin Centrafrique	Central African Republic	FC	100	FC	100
UraMin Namibia (Pty) Ltd	Namibia	FC	100	FC	100
Uranor Inc.	Canada	FC	100	FC	100
AREVA Québec	Canada	FC	100	FC	100
AREVA NC Expansion	France	FC	86.51	FC	86.51
Jordan AREVA Resources	Jordan	FC	50	FC	50
Erongo Desalination Company (Pty) Ltd	Namibia	FC	100	FC	100
AREVEXPLO RCA SA	Central African Republic	FC	70	FC	70
AREVA Gabon	Gabon	FC	100	FC	100
AREVA Processing Namibia	Namibia	FC	100	FC	100
AFMECO Mining & Exploration PTY LTD	Australia	FC	100	FC	100
UG Asia Limited	China	FC	100	FC	100
Cominak	Niger	EM	34	EM	34
Comuf	Gabon	FC	68.42	FC	68.42
Urangesellschaft - Frankfurt	Germany	FC	100	FC	100
AREVA Mongol	Mongolia	FC	66	FC	66

Cogegobi	Mongolia	FC	66	FC	66
AREVA Mines LLC	Mongolia	FC	66	FC	66
Logistics Business Unit					
Mainco	France	FC	100	FC	100
Lemarechal	France	FC	100	FC	100
TN International	France	FC	100	FC	100
Columbiana High Tech	United States	FC	100	FC	100
TN Americas LLC	United States	FC	100		
International Projects Business Unit					
Anadec	Japan			EM	50
AREVA Mace Atkins	Great Britain	EM	33	EM	33
AREVA RMC UK Ltd	Great Britain			FC	100
AREVA NC Japan Projects	Japan			FC	100
Recycling Business Unit					
AREVA Temis	France	FC	100	FC	100
AREVA NC Japan Projects	Japan	FC	100		
Anadec	Japan	EM	50		
AREVA RMC UK Ltd	Great Britain	FC	100		
Dismantling & Services Business Unit					
STMI	France	FC	73.86	FC	73.86
Polinordsud	France	FC	73.86	FC	73.86
MSIS	France	FC	73.86	FC	73.86
Amalis	France	FC	73.86	FC	73.86
CNS	France	FC	51	FC	51
Trihom	France	FC	48.75		
SICN	France	FC	100	FC	100
AREVA Med Business Unit					
AREVA Med SAS	France	FC	100	FC	100
AREVA Med LLC	United States	FC	100	FC	100
Nuclear Measurements Business Unit					
Canberra France SAS	France			FC	100
Canberra Benelux	Belgium			FC	100
Canberra GmbH	Germany			FC	100
Canberra Sweden AB	Sweden			FC	100
Other Corporate					
AREVA Insurance and Reinsurance	France	FC	100	FC	100
PIC	United States	FC	100	FC	100
AREVA Beijing Consulting Co Ltd	China	FC	100	FC	100
AREVA Beijing Technology	China	FC	100	FC	100
AREVA Japan	Japan	FC	100	FC	100
Trihom	France			FC	48.75
AREVA Korea	Republic of Korea	FC	100	FC	100
AREVA Federal Services LLC	United States	FC	100	FC	100
AREVA India Private Ltd	India	FC	100	FC	100
AREVA UK Ltd	Great Britain	FC	100	FC	100

(FC: full consolidation / EM: equity method / JO: joint operation)

Note 3 – REVENUE

<i>(in millions of euros)</i>	2016	2015
Contracts accounted for according to the percentage of completion method	1,179	1,371
Other sales of products and services		
- Sales of goods	1,708	1,757
- Sales of services	1,515	1,529
Total	4,401	4,658

Revenue for 2016 and 2015 does not include any significant revenue from exchanges of goods or services for current or future consideration other than cash.

The group elected to present its statement of income based on the destination of income and expense items. Additional information is provided in Notes 4 and 6 below.

Note 4 – ADDITIONAL INFORMATION BY TYPE OF EXPENSE

<i>(in millions of euros)</i>	2016	2015
Payroll expenses	(1,328)	(1,395)
Employees under contract at year end	18,341	19,179
Operating leases	(21)	(21)

Payroll expenses include salaries and related social security contributions, excluding retirement benefits.

Note 5 – GENERAL AND ADMINISTRATIVE AND OTHER OPERATING INCOME AND EXPENSES**General and administrative expenses**

In 2015 and 2016, the group's general and administrative expenses were borne in full by AREVA SA in accordance with the service agreements in force within AREVA. Consequently, the group's general and administrative expenses do not include costs kept within AREVA SA. They will be borne by New AREVA Holding upon the signature of new service agreements between New AREVA Holding SA and its subsidiaries as from the date of AREVA SA's loss of control of New AREVA Holding due to the completion of the capital increase of New AREVA Holding SA.

Other operating expenses

<i>(in millions of euros)</i>	2016	2015
Restructuring and early retirement costs	(4)	(192)
Income on sales of non-financial assets	(1)	
Goodwill impairment	-	-
Impairment of other assets	(306)	(193)
Other operating expenses	(89)	(184)
Total other operating expenses	(399)	(569)

Other operating income

<i>(in millions of euros)</i>	2016	2015
Income on disposals of assets other than financial assets		4
Other operating income	29	82
Total other operating income	29	87

Restructuring costs are described in Note 23.

Impairment of goodwill, of intangible assets and of property, plant and equipment are described in Notes 10, 11 and 12 respectively.

In 2015 and 2016, other operating expenses included in particular:

- a foreign exchange loss on commercial transactions in the amount of 7 million euros (compared with 31 million euros in 2015);
- expenses related to the postponed of work to start production at the Imouraren and Trekkopje mining sites and to the development of infrastructure, in the amount of 29 million euros in 2016 (compared with 68 million euros in 2015);
- a provision constituted in 2015 for an industrial equipment supply contract in the amount of 40 million euros (see Note 23);

In 2015 and 2016, other operating income included in particular a foreign exchange gain on commercial transactions in the amount of 20 million euros (compared with 53 million euros in 2015).

Note 6 - RECONCILIATION BETWEEN OPERATING INCOME AND EBITDA

<i>(in millions of euros)</i>	2016	2015
Operating income	405	(93)
Goodwill impairment	0	0
Net increase in depreciation and impairment of intangible assets, net of reversals	105	116
Net increase in depreciation and impairment of property, plant and equipment, net of reversals	781	629
Impairment of current assets, net of reversals	32	127
Provisions, net of reversals (*)	(216)	252
Investment subsidies recognized through profit and loss		
Costs of end-of-lifecycle operations performed	230	267
EBITDA	1,338	1,297

(*) including increases and reversals of provisions for employee benefits

Note 7 – NET FINANCIAL INCOME

<i>(in millions of euros)</i>	2016	2015
Net borrowing costs	(219)	(166)
Income from cash and cash equivalents	9	4
Gross borrowing costs	(228)	(169)
Other financial income and expenses	(293)	(66)
Share related to end-of-lifecycle operations	(91)	115
Income from disposal of securities earmarked for end-of-lifecycle operations	90	132
Dividends received	216	145
Income from receivables related to dismantling and from discount reversal on earmarked assets	23	24
Impairment of securities	(22)	(3)
Impact of changes in discount rate and of schedule revisions	(178)	9
Unwinding expenses on end-of-lifecycle operations	(220)	(193)
Share not related to end-of-lifecycle operations	(202)	(181)
Foreign exchange gain (loss)	-	16
Income from disposal of securities and change in value of securities held for trading	(1)	-
Income from equity associates	1	-
Dividends received	2	1
Impairment of financial assets	-	(20)
Interest on customer contract prepayments	(54)	(68)
Financial income from pensions and other employee benefits	(30)	(33)
Other financial expenses	(130)	(80)
Other financial income	9	4
Net financial income		
	(512)	(231)

Gross borrowing costs for the 2016 financial year include interest expense related to the bond debt recognized as from the financial restructuring, i.e. November 3, 2016, in the amount of 38 million euros.

The other financial expenses include the discount rate reduction impact on provisions for contract completion by 68 million euros (see note 13).

Note 8 – INCOME TAX**Analysis of tax expense**

<i>(in millions of euros)</i>	2016	2015
Current taxes (France)	(201)	(157)
Current taxes (other countries)	(34)	(68)
Total current taxes	(235)	(225)
Deferred taxes	(97)	14
Total taxes	(332)	(210)

Reconciliation of tax expense and income before taxes

<i>(in millions of euros)</i>	2016	2015
Net income	(249)	(536)
Less:		
Net income from operations sold, discontinued or held for sale	(70)	1
Minority interests	(110)	7
Net income of associates	(10)	(6)
Tax expense (income)	332	210
Income before tax	(107)	(325)
Theoretical tax income (expense)	37	112
Impact of tax consolidation		
Transactions taxed at a reduced rate	(20)	(7)
Unrecognized deferred taxes	(359)	(145)
Other permanent differences	10	(170)
Effective tax income (expense)	(332)	(210)

Other permanent differences

<i>(in millions of euros)</i>	2016	2015
Impact of permanent differences for tax purposes	(10)	37
Differences between the French tax rate and tax rates applicable abroad	(9)	7
CVAE business tax	(22)	(11)
Other	51	(204)
Total other permanent differences	10	(170)

Tax rates used in France

<i>(percentage)</i>	2016	2015
Tax rate	34.43%	34.43%

Effective tax rate for the group

<i>(in millions of euros)</i>	2016	2015
Operating income	405	(93)
Net financial income	(512)	(231)
Other income		
Total income subject to tax	(107)	(325)
Tax income (expense)	(332)	(210)
Effective tax rate	NA	NA

Deferred tax assets and liabilities

<i>(in millions of euros)</i>	2016	2015
Deferred tax assets	178	201
Deferred tax liabilities	113	100
Net deferred tax assets and liabilities	65	101

Main categories of deferred tax assets and liabilities

<i>(in millions of euros)</i>	2016	2015
<u>Tax impact of temporary differences related to:</u>		
Non-current assets	(101)	(124)
Working capital assets	23	25
Provisions for pension obligations	107	170
Provisions for restructuring	2	0
Tax-driven provisions	(129)	(124)
Provisions for dismantling	32	30
Impact of loss carry-forwards and deferred taxes	91	92
Other temporary differences	41	32
Net deferred tax assets and liabilities	65	101

Schedule

<i>(in millions of euros)</i>	2016	2015
Deferred tax assets to be recovered in more than 12 months	(99)	69
Deferred tax assets to be recovered in 12 months or less	164	32

Change in consolidated deferred tax assets and liabilities

<i>(in millions of euros)</i>	2016	2015
At January 1	101	115
Tax on continuing operations, recognized in profit or loss	(97)	14
Tax recognized in operations held for sale	2	(2)
Tax recognized outside profit or loss	38	(31)
Change in consolidated group	15	(1)
Currency translation adjustments	7	5
At December 31	65	101

Consolidated deferred tax income and expenses by category of temporary difference

<i>(in millions of euros)</i>	2016	2015
Property, plant and equipment, intangible assets and non-current financial assets	77	67
Working capital assets	25	1
Employee benefits	(64)	(6)
Provisions for restructuring	(1)	48
Tax-driven provisions	(30)	(32)
Provisions for end-of-lifecycle operations	(6)	1
Net loss carry-forwards and deferred taxes	213	22
Impairment of deferred taxes	(359)	(145)
Other temporary differences	49	58
Net deferred tax income (expenses)	(97)	14

Deferred taxes recognized outside profit or loss

<i>(in millions of euros)</i>	2016	2015
Change in method		
IAS 32-39 impacts	39	(13)
Actuarial differences on provisions for pensions and other	(1)	(18)
Net deferred taxes recognized outside profit or loss	38	(31)

Deferred tax assets not recognized

<i>(in millions of euros)</i>	2016	2015
Tax credits	-	-
Tax losses	406	179
Other temporary differences	1,177	1,062
Total deferred tax assets not recognized	1,583	1,241

NOTE 9 – ITEMS RELATED TO OPERATIONS SOLD OR HELD FOR SALE

The following operations meet the criteria of IFRS 5 for classification as assets and liabilities of operations sold or held for sale at December 31, 2016, and each constitutes a separate and leading branch of activity.

Nuclear Measurements

In June 2015, New AREVA Holding began the process of selling its subsidiary Canberra France S.A.S., which specializes in radioactivity detection and measurement instrumentation, and announced on July 1, 2016 the completion of the sale to the industrial group Mirion Technologies Inc.

The capital gain from this sale came to 71 million euros.

New NP

AREVA and EDF signed a memorandum of understanding on July 29, 2015 presenting the principal terms and conditions of the project with a view to finalizing definitive agreements. AREVA, AREVA NP and EDF signed a share purchase agreement on November 15, 2016 which sets the terms and conditions for the sale of an interest giving EDF exclusive control of an entity tentatively called "New NP", a wholly owned subsidiary of AREVA NP, which will combine the industrial operations of the design and supply of nuclear reactors and equipment, fuel assemblies and services to the installed base of the group.

The operations of the target consolidation scope of New NP legally held by New AREVA Holding at the end of 2016 were reclassified in operations held for sale in 2015 and 2016. These operations will be transferred to New NP before its sale to EDF, planned for the end of 2017. This mainly concerns AREVA Beijing Technology and the NP operations held by AREVA Federal Services LLC.

<i>(in millions of euros)</i>	2016	2015
Net income from operations sold	(1)	-
Income from disposals net of tax	71	-
Net income from operations held for sale	(1)	(1)
Net income from discontinued operations	70	(1)

<i>(in millions of euros)</i>	2016	2015
Net cash from operations sold	63	-
Net cash from operations held for sale	(2)	31
Net income from discontinued operations	61	31

The contribution to consolidated income of discontinued operations is as follows:

<i>(in millions of euros)</i>	Nuclear Measure- ments	New NP	2016
Revenue	21	20	41
Operating income	70	(1)	70
Net financial income	0	0	0
Income tax	0	0	0
Net income for the period	70	(1)	70

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

The statement of cash flows contributing to operations sold, discontinued or held for sale is shown below:

<i>(in millions of euros)</i>	Nuclear Measure- ments	New NP	2016
Net cash flow from operating activities	(28)	(9)	(37)
Net cash flow from investing activities	91	0	91
Net cash flow from financing activities	0	6	5
Other changes	0	1	1
Increase (decrease) in net cash	63	(2)	61

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

The contribution to consolidated income of discontinued operations is as follows:

<i>(in millions of euros)</i>	Nuclear Measure- ments	New NP	2015
Revenue	49	20	70
Operating income	7	(5)	2
Net financial income	(0)	(0)	(0)
Income tax	(2)	(0)	(2)
Net income for the period	5	(5)	(1)

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

The statement of cash flows contributing to operations sold, discontinued or held for sale is shown below:

<i>(in millions of euros)</i>	Nuclear Measure- ments	New NP	2015
Net cash flow from operating activities	34	(4)	30
Net cash flow from investing activities	(1)	(0)	(1)
Net cash flow from financing activities	(0)	0	(0)
Other changes	0	2	2
Increase (decrease) in net cash	32	(2)	31

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

Assets and liabilities of discontinued operations at December 31, 2016 are as follows:

<i>(in millions of euros)</i>	2016	2015
Non-current assets		14
Goodwill on consolidated companies		9
Intangible assets		
Property, plant and equipment		3
Other non-current financial assets		
Deferred tax assets		2
Current assets	23	65
Inventories and work-in-process		10
Trade accounts receivable and related accounts	13	34
Other operating receivables	8	12
Current tax assets		
Other non-operating receivables		
Cash and cash equivalents	1	9
Other current financial assets		
Total assets held for sale	23	79

<i>(in millions of euros)</i>	2016	2015
Non-current liabilities		2
Employee benefits		2
Non-current provisions		
Long-term borrowings		
Deferred tax liabilities		
Current liabilities	15	73
Current provisions	1	2
Short-term borrowings	1	
Advances and prepayments received	1	6
Trade accounts payable and related accounts	11	18
Other operating liabilities	2	43
Current tax liabilities		
Other non-operating liabilities		4
Total liabilities held for sale	15	75

Note 10 – GOODWILL

<i>(in millions of euros)</i>	December 31, 2015	Increase	Disposals	Impairment	Operations held for sale	Currency translation adjustments and other	December 31, 2016
Mining	883					30	913
Front End (Chemistry, Enrichment)	161						161
Back End	228						228
Total	1,272	-	-	-	-	30	1,303

Goodwill impairment tests

As indicated in Notes 1.2. *Estimates and judgments* and 1.3.9. *Impairment of property, plant and equipment, intangible assets and goodwill*, the group performs asset impairment tests based on its best estimate of their recoverable value, which corresponds to the higher of their net realizable value or their estimated value in use, based on projected cash flows resulting from the budget, mining plans and the assumptions they contain.

These tests consist of comparing the net carrying amount of the assets of cash generating units (after inclusion of write-downs of property, plant and equipment and intangible assets listed in Notes 11 and 12) to their recoverable amount.

The discount rates used for these tests are based on the calculation of the average cost of capital for each operating segment. They are calculated using observed market data and evaluations prepared by specialized firms (10-year risk-free rates, risk premiums on equity markets, volatility indices, credit spreads and debt ratios of comparable businesses in each segment).

The following assumptions were used to determine the net present value of the cash flows to be generated by the CGUs:

December 31, 2016	After tax discount rate	Growth rate of pro forma year	Final year
Mining	7.50%-12.00%	n/a	2070
Front End (Chemistry, Enrichment)	6.70%	n/a	2070
Back End	6.40%-6.70%	1.75%	2026

December 31, 2015	After tax discount rate	Growth rate of pro forma year	Final year
Mining	9.50%	Na	2070
Front End (Chemistry, Enrichment)	6.50%	1.75%	2025
Back End	4.50%	1.75%	2025

These impairment tests were calculated using exchange rates in effect on the balance sheet date.

Mining

The recoverable amount of the Mining CGU is determined based on the value in use. The value in use of mining operations is calculated based on forecast data for the entire period, up to the planned end of mining operations at existing mines and marketing of the corresponding products (i.e. until 2077), rather than on a base year. The value in use is determined by discounting estimated future cash flows per mine at rates between 7.50% and 12%

(9.50% at December 31, 2015) and using a euro/US dollar exchange rate of 1.05 at December 31, 2016 (1.09 at December 31, 2015).

Future cash flows were determined using the New AREVA Holding price forecasts to 2030, projected to 2077. The price forecast is based among other things on New AREVA Holding's vision of changes in uranium supply (uranium mines and secondary resources) and demand (linked to the quantity of material used by world nuclear power plants over the period and the procurement strategies of the utilities involved). The price forecast was updated in December 2016 to reflect in particular the drop in volumes purchased by Chinese utilities and the anticipated closure of certain US reactors.

The result of this test was higher than the net carrying amount and therefore does not result in goodwill impairment.

The test remains sensitive to discount rates, to foreign exchange parity and to the anticipated future prices of uranium. The value in use of the assets of the Uranium Mining CGU would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 174 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 371 million euros
- uranium sales price assumptions of 5 dollars less per pound than the price forecast drawn up by New AREVA Holding for the entire period of the business plans: 501 million euros

However, such deterioration would not lead to a write-down of the goodwill of the Mining CGU.

On this point, the sensitivity analysis was carried out without taking into account a revision of economically mineable uranium quantities or production schedules resulting from this price change.

Front End and Back End

The impairment tests carried out at December 31, 2016 on the CGUs carried by the Front End (Chemistry-Enrichment) and Back End did not give rise to recognition of goodwill impairment.

For the Back End, sensitivity analyses show that the use of a discount rate of 50 basis points higher or a growth rate for the base year of 1% lower than the above-mentioned rates would not have led to the recognition of impairment for the goodwill, since its recoverable value remains greater than the net carrying amount of assets.

For the Enrichment CGU, the test is very sensitive to the discount rate, to exchange rate parity, and to the long-term price expectations for separative work units (SWU). The value in use of the assets of the Enrichment CGU would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 240 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 190 million euros
- sales price assumptions of 1 US dollar less per SWU compared with the price forecast drawn up by New AREVA Holding: 35 million euros

However, taken separately, such deterioration would not lead to a write-down of the goodwill of the Enrichment CGU.

Note 11 – INTANGIBLE ASSETS

<i>(in millions of euros)</i>	Pre-mining expenses	R&D expenses	Mineral rights	Concessions & brevets	Software	Intangible assets in progress	Other	Total
Gross amount at December 31, 2015	1,825	47	1,271	407	354	299	190	4,394
CAPEX	24	9	0	0	0	24	0	58
Disposals	(0)	-	-	(0)	(1)	-	(0)	(1)
Operations held for sale	-	-	-	-	-	-	-	-
Currency translation adjustments	92	1	40	1	0	12	1	147
Change in consolidated group	-	-	-	-	0	-	-	0
Other changes	18	-	-	0	3	(11)	(0)	11
Gross amount at December 31, 2016	1,960	58	1,310	408	357	324	192	4,608
Depreciation and provisions at December 31, 2015	(842)	(1)	(1,271)	(65)	(320)	(252)	(59)	(2,810)
Net increase in depreciation / impairment (1)	(68)	(1)	(0)	(13)	(4)	(0)	(18)	(105)
Disposals	-	-	-	0	1	-	-	1
Operations held for sale	-	-	-	-	-	-	-	-
Currency translation adjustments	(45)	-	(40)	(1)	(0)	(8)	(1)	(94)
Change in consolidated group	-	-	-	(0)	(0)	-	-	(0)
Other changes	(2)	-	-	-	-	-	2	1
Depreciation and provisions at December 31, 2016	(957)	(3)	(1,310)	(78)	(323)	(260)	(75)	(3,007)
Net carrying amount at December 31, 2015	983	46	0	342	34	48	131	1,584
Net carrying amount at December 31, 2016	1,003	55	0	330	33	64	117	1,601

(1) No impairment of intangible assets was recognized at December 31, 2016.

Pre-mining expenses recorded in intangible assets (see Note 1.3.8.3) are subject to impairment tests of the CGUs to which they are attached.

In 2016, investments in intangible assets primarily concern pre-mining expenses in Canada and Niger.

Note 12 – PROPERTY, PLANT AND EQUIPMENT

<i>(in millions of euros)</i>	Land	Buildings	Plant, equipment and tooling	End-of- lifecycle assets – AREVA share	Other	In progress	Total
Gross amount at December 31, 2015	152	1,779	19,344	1,297	1,448	1,909	25,928
CAPEX	-	6	30	-	3	461	500
Disposals	(0)	(6)	(53)	-	(37)	(22)	(119)
Operations held for sale	-	-	-	-	-	-	-
Currency translation adjustments	2	19	50	0	28	14	114
Change in consolidated group	-	-	3	-	-	-	3
Other changes	2	84	332	230	24	(395)	276
Gross amount at December 31, 2016	156	1,882	19,705	1,527	1,465	1,966	26,702
Depreciation and provisions at December 31, 2015	(75)	(832)	(14,529)	(976)	(1,167)	(757)	(18,335)
Net increase in depreciation / impairment ⁽¹⁾	(1)	(69)	(316)	(33)	(41)	(322)	(781)
Disposals	0	5	47	-	26	-	79
Operations held for sale	-	-	-	-	-	-	-
Currency translation adjustments	(0)	(7)	(15)	(0)	(23)	(1)	(46)
Change in consolidated group	-	-	-	-	-	-	-
Other changes	(4)	(36)	(282)	(11)	15	254	(64)
Depreciation and provisions at December 31, 2016	(80)	(939)	(15,094)	(1,019)	(1,190)	(826)	(19,148)
Net carrying amount at December 31, 2015	76	946	4,816	322	280	1,152	7,593
Net carrying amount at December 31, 2016	76	943	4,612	508	275	1,141	7,554

⁽¹⁾ Impairment of property, plant and equipment in the amount of 346 million euros was recognized at December 31, 2016.

Interest expenses capitalized in the cost of property, plant and equipment were not significant at December 31, 2015 and December 31, 2016.

MINING ASSETS IN NIGER - IMOURAREN

The group holds 57.7% of the Imouraren mining asset, with the remaining 42.3% held by minority interests (the State of Niger, Sopamin, and Korea Imouraren Uranium Investment [KIU]).

The site has been in “care and maintenance” status since 2015. The project will restart when uranium market conditions permit. Discussions are in progress with the State of Niger to agree on a new schedule and sign an amendment to the strategic partnership agreement of May 26, 2014.

Impairment of 194 million euros was recognized for certain assets devoted to the project (equipment and studies) at December 31, 2015.

In view of uranium market conditions, an impairment test was carried out. The total impairment recorded for the period ended December 31, 2016 amounted to 316 million euros based on the value in use obtained by discounting estimated future cash flows at the rate of 12% (11.50% at December 31, 2015) and based on a euro/US dollar exchange rate of 1.05 at December 31, 2016 (1.09 at December 31, 2015).

After recognition of that impairment, the net carrying amount of the Imouraren project's property, plant and equipment and intangible assets was 348 million euros at December 31, 2016 (compared with 692 million euros at December 31, 2015).

The test remains sensitive to discount rates, to exchange rate parity, and to the anticipated future prices of uranium. The value in use of the assets of Imouraren, and thus their carrying amount, would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 54 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 78 million euros
- selling price assumptions of 5 dollars per pound of uranium over the entire period of the business plans: 87 million euros

The impairment translates into a debit balance of 285 million euros for minority interests at the end of December 2016.

MINING ASSETS IN NAMIBIA - TREKKOPJE

The carrying amount of intangible assets and property, plant and equipment in Namibia includes the developed mining infrastructure and the desalination plant infrastructure. However, the value in use of the desalination plant was tested separately from that of the mining infrastructure.

The desalination plant's value in use was justified based on an updated business plan using a discount rate of 8.50% (7.50% at December 31, 2015).

Impairment in the amount of 22 million euros was recorded on the carrying amount of intangible assets and property, plant and equipment of the mine at December 31, 2015, and additional impairment of 10 million euros was recorded at December 31, 2016 based on their fair value, determined from a multiple of uranium resources in the ground.

After recognition of impairment of the mining assets, the total carrying amount of Trekkopje's property, plant and equipment and intangible assets was 250 million euros (compared with 256 million euros at December 31, 2015).

COMURHEX II PLANT

Impairment tests carried out in previous years on property, plant and equipment under construction for the Comurhex II uranium conversion plant had led to the write-down in full of capitalized amounts at December 31, 2014, i.e. 811 million euros (including a charge of 599 million euros in 2014).

A review of market conditions and of the balance of supply and demand led to the decision to no longer consider the extension of the plant's production capacity from 15,000 metric tons to 21,000 metric tons. Sales prices and volumes produced were also revised to reflect the latest market price trends, contracts under negotiation and conversion market forecasts. In addition, the cost of construction at completion of the first phase of the plant was raised by 66 million euros in 2015. This amount did not change over the 2016 financial year.

The impairment test shows that the value in use of property, plant and equipment under construction – valued at December 31, 2016 using a discount rate of 6.70% (compared with 6.50% at December 31, 2015), a euro/US dollar exchange rate of 1.05 corresponding to the rate at December 31, 2016, and sales price assumptions for conversion units resulting from New AREVA Holding's mid- and long-term forecasts for the balance of supply and demand – was used to justify their net carrying amount, which is equal to the amounts capitalized at December 31, 2016, i.e. 183 million euros.

The result of the impairment test remains sensitive to the assumptions used, in particular the discount rate, the euro / US dollar exchange rate, long-term sales prices and volumes sold.

The value in use of the property, plant and equipment under construction would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 50 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 99 million euros
- sales price assumptions of 1 US dollar less per conversion unit compared with the price forecast drawn up by New AREVA Holding: 62 million euros

GEORGES BESSE II PLANT

Given the drop in market indicators, the impairment test of property, plant and equipment related to the Georges Besse II plant was carried out using a discount rate of 6.70% (compared with 6.50% at December 31, 2015), a euro / US dollar exchange rate of 1.05 corresponding to the rate at December 31, 2016, and SWU sales price assumptions resulting from New AREVA Holding's mid- and long-term forecasts for supply and demand. On that basis, no impairment was recognized at December 31, 2016.

A sensitivity analysis using the same parameters as the Enrichment CGU (see Note 10) would not lead to recognition of impairment.

Note 13 – END-OF-LIFECYCLE OPERATIONS

The table below summarizes New AREVA Holding accounts affected by the treatment of end-of-lifecycle operations and their financing.

Assets <i>(in millions of euros)</i>	December 31, 2016	December 31, 2015	Shareholders' equity and liabilities <i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
End-of-lifecycle assets – New AREVA Holding share ⁽¹⁾	508	322			
Assets earmarked for end-of-lifecycle operations	6,216	6,299	Provisions for end-of-lifecycle operations	7,341	6,920
• End-of-lifecycle assets – third party share ⁽²⁾	127	178	• Funded by third parties ⁽²⁾	127	178
• Assets earmarked for end-of-life cycle operations ⁽³⁾	6,089	6,122	• Funded by New AREVA Holding	7,214	6,742
⁽¹⁾ Amount of total provision to be funded by New AREVA Holding 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 New AREVA Holding's share of the total provision.					

END-OF-LIFECYCLE ASSETS

The group's share of assets is classified under property, plant and equipment on the statement of financial position (see Note 12).

<i>(in millions of euros)</i>	AREVA share			Third party share	December 31, 2016	December 31, 2015
	Gross	Amortization	Net amount			
Dismantling	1,527	(1,019)	508	127	635	500

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2015	Increase	Decrease	Increases in reversals of amortization and provisions	Unwinding	Other changes	Net carrying amount at December 31, 2016
AREVA share	322	196	(11)	(23)	-	24	508
Third party share	178	0	(57)		4	2	127
TOTAL	500	196	(68)	(23)	4	26	635

In addition to the value of its property, plant and equipment, the group recognizes the future share of the costs of end-of-lifecycle operations (nuclear facility dismantling, legacy waste retrieval and packaging, waste shipping and waste disposal) for which it has financial responsibility; the group's share is amortized according to the same schedule as the underlying property, plant and equipment. It also recognizes a third party share of assets for dismantling and waste retrieval and packaging operations to be funded by certain customers. Conversely, a provision is recorded to cover the total estimated cost of end-of-lifecycle operations as soon as a facility starts up, including any share funded by third parties.

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. In 2016, this item decreased due to work performance and the transfer of certain contracts to dismantling receivables.

The increase in the group's share of assets, which concerns the operating facilities, is mainly due to the change in the discount rate (from 4.50% to 4.10%) applied by the group.

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2015	Reversals (when risk has materialized): expenses for the year	Unwinding	Change in assumptions, revised budgets, etc.	Operations held for sale	Net carrying amount at December 31, 2016
Provision for nuclear facility dismantling	4,938	(140)	156	326	-	5,280
Provision for waste retrieval and packaging	1,982	(87)	65	101	-	2,061
PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	6,920	(227)	221	427	-	7,341

In 2016, excluding expenses for the year and unwinding expense, the main change in liabilities comes from the change in the discount rate applied by the group (from 4.50% to 4.10%).

An audit is in progress by the administrative authority (DGECC, the General Directorate of Energy and Climate) of the dismantling estimate for the Georges Besse I enrichment plant. Once the conclusions of that audit have been finalized, they will be analyzed and included in the valuation of the dismantling estimate for that facility in 2017.

Provisions for end-of-lifecycle operations for facilities entering in the scope of article 20 of the law of June 28, 2006, codified in articles L. 594-1 et seq. of the French Environmental Code

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 broken down as follows at December 31, 2015 and December 31, 2016:

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Dismantling of regulated nuclear facilities, excluding long-term radioactive waste management	4,645	4,310
Dismantling of used fuel, excluding long-term radioactive waste management	-	-
Retrieval and packaging of legacy waste, excluding long-term radioactive waste management	1,217	1,204
Long-term radioactive waste management	1,186	1,148
Post-closure disposal center monitoring costs	52	44
Total provisions for end-of-lifecycle operations of facilities covered by the French law of June 28, 2006	7,100	6,706
Provisions for end-of-lifecycle operations of facilities not covered by the French law of June 28, 2006	241	214
TOTAL PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	7,341	6,920

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 various waste types generated by operating activities which could not be processed during treatment. These installations concern the front end of the cycle, especially the Pierrelatte site, and the back end of the cycle, including the treatment plants at la Hague and the MELOX and Cadarache MOX fuel fabrication plants.

In December 2004, the CEA, EDF and AREVA NC signed an agreement concerning the Marcoule security-regulated nuclear facility (INBS) which 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 New AREVA Holding's share of waste shipping and final waste disposal costs.

Determination of provisions for end-of-lifecycle operations

In accordance with the article 20 of the French program law no. 2006-739 of June 28, 2006 on the sustainable management of radioactive materials and waste, codified in articles L. 594-1 et seq. of the French Environmental Code, New AREVA Holding submits a report to the administrative authority every three years on cost estimates and calculation methods for provisions, in addition to an annual update of this report. The methods used by New AREVA Holding to value the cost of end-of-lifecycle operations, summarized hereunder, are described in these documents.

Principles for valuing costs for dismantling and for waste retrieval and packaging

The valuation of facility dismantling costs is based on methods that provide the best estimate of costs and schedules for design studies and operations:

- For facilities in operation, this involves an upstream valuation based on a technical and economic model produced mainly with the ETE EVAL application used for the different types of facilities to be dismantled. It is based on an inventory of equipment and the latter's estimated radiological condition, and on models with unit cost scenarios and ratios. These valuations are updated at least once every three years and when there is a change in applicable regulations or substantial technological developments may be expected. The valuation of the future dismantling of the UP2-800 / UP3 plant at la Hague was thus updated in 2016.
- For facilities that are shut down and starting from the kick-off of the dismantling project, a series of studies and the condition of the facility are used to establish a cost, supplemented by a risk analysis. The estimated are updated every year.
- The costs are revised to take inflation into account and to reflect economic conditions for the year. They are then allocated by year, adjusted for inflation and discounted to present value, as explained in Note 1.3.17. A provision is then recognized based on the present value. The discounting reversal is recognized in "Net financial expense".

Assumptions

In general, provisions related to nuclear facility dismantling and waste retrieval and packaging are based on the following assumptions:

- Some waste from fuel treatment operations performed under older contracts could not be processed on site, 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.
- An inventory of costs to bring the site to the target decommissioning level will be established, with buildings generally decontaminated where they stand except for special circumstances, and with all nuclear waste areas decommissioned to conventional waste status. The final condition (buildings and soils) of the facilities to be dismantled serves as a base assumption for the dismantling scenario and cost estimates. For each facility, a dismantling plan is systematically prepared, either during the initial license application or during the safety review. Soil cleanup expenses, if applicable, are determined with the objective of returning the facility to a final state of decontamination consistent with current regulations. Naturally, this assumption reflects the future use intended by New AREVA Holding for the industrial site in question, beyond the timeframe planned for dismantling operations.
- Operations would start without any waiting period for radioactive decay after final shutdown of production.
- Expenses are valued based on anticipated costs, including subcontracting, personnel costs, radiation protection, consumables, equipment and the treatment of the resulting waste. The valuation also includes a share of technical support costs of the entities in charge of the dismantling operations and of the related sites, as well as taxes and insurance.
- Costs to ship radioactive waste and dispose of it at Andra facilities are estimated and include the valuation of waste processing and disposal methods that do not currently exist, such as:
 - estimates of future expenses for deep disposal of long-lived medium- and high-level waste;
 - the scope and terms for Andra's future acceptance of waste at its long-lived low-level disposal site and deep geological repository (CIGEO).

Uncertainties and opportunities

In addition to the caution of the above assumptions and in view of the duration of the end-of-lifecycle commitments, the uncertainties and opportunities cited as examples below are taken into account when they occur:

- Uncertainties:
 - Revision of scenarios of certain waste retrieval and packaging projects at la Hague during the qualification of waste retrieval processes
 - Differences between the expected initial conditions of the legacy facilities and the actual initial conditions (presence of asbestos, for example)
 - Uncertainties related to changes in the nuclear safety authority's requirements (e.g. for final conditions and soil treatment) and to changes in generally applicable regulations
- Opportunities:
 - Gains generated by the learning curve and industrial standardization of operating procedures
 - In-depth investigations on the condition of the facilities using new technologies in order to reduce the uncertainty related to initial facility conditions

Consideration of identified risks and unforeseen events

The technical cost of end-of-lifecycle operations is backed up by consideration of:

- a prudent reference scenario that takes operating experience into account;
- a margin for risks identified through risk analyses conducted in accordance with the New AREVA Holding standard and updated regularly as the projects advance;
- a margin for unforeseen events designed to cover unidentified risks.

Discount rate

The inflation rate is set in accordance with the long-term inflation projections for the Eurozone and taking into account the European Central Bank's target rate.

The discount rate is set:

- pursuant to IAS 37, i.e. based on market conditions at year-end closing and the specific characteristics of the liability; and
- to comply with the regulatory cap defined by the decree of February 23, 2007 and the order of March 23, 2015 amending the order of March 21, 2007.

The rate thus results from implementation of the following approach:

- an estimate is made by reference to the moving average yield of 30-year French OATs over a 10-year period, plus a spread applicable to prime corporate borrowers, to ensure the compliance of the rate selected with the regulatory cap;
- a rate curve is constructed based on the rate curve of the French State (OAT rates) at the closing date, extended for non-liquid maturities using a long-term break-even rate, plus a spread applicable to prime corporate borrowers and a liquidity risk premium.

Based on expected disbursements, a single equivalent rate is deducted from the rate curve constructed in this manner.

For example, the discount rate is revised based on changes in national economic conditions, with a lasting medium- and long-term impact, in addition to the potential effects of regulatory caps.

For facilities located in France, New AREVA Holding chose a long-term inflation assumption of 1.65% and a discount rate of 4.10% at December 31, 2016, a reduction compared with the rate of 4.5% in 2015.

At December 31, 2016, the use of a discount rate 25 basis points higher or lower than the rate used (4.10%) would have the effect of changing the value of provisions for end-of-lifecycle operations by -360 million euros with a rate of +25 bps or +394 million euros with a rate of -25 bps respectively.

By letter dated February 28, 2017, the Minister of Economy and Finance and the Minister of Environment, Energy and Oceans informed the Chairman of the Board of Directors of AREVA NC of their decision to modify the formula for calculating the regulatory cap on the discount rate, as from 2017. This decision will translate into a change in the order of March 21, 2007, amended by the order of March 24, 2015. The new formula would gradually lead, over a period of 10 years starting with the regulatory cap recognized at December 3, 2016 (4.3%), to, in 2026, a cap equal to the average for the last four years of the 30-year Treasury Constant Maturity Rate (TEC 30) plus 100 basis points.

Final waste removal and disposal

New AREVA Holding sets up a provision for expenses related to radioactive waste.

These expenses include:

- the removal and near-surface disposal of short-lived, very low-level and low-level waste and its share of monitoring of Andra's Centre de la Manche and Centre de l'Aube disposal facilities, which received or still receive its waste;
- the removal and underground disposal of long-lived low-level waste (graphite);
- the removal and disposal of long-lived medium- and high-level waste covered by the French law of December 30, 1991 (now codified in articles L. 542-1 *et seq.* of the French Environmental Code). The provision is based on the assumption that a deep geologic repository will be deployed (hereinafter called Cigéo).

Concerning the ministerial order of January 15, 2016, which set the cost pertaining to implementation of Cigéo at 25 billion euros, that impact had already been taken into account in 2015 and there was no change in that assumption in 2016.

For purposes of sensitivity analysis, any increase of 1 billion euros in the amount of the estimate for the Cigéo project would lead to an additional charge of 29 million euros by New AREVA Holding, based on the method used to establish the existing provision.

Tentative schedule of provision disbursements

The following table shows the forward payment schedule of provisions both within and outside the scope of the law of June 28, 2006, excluding Andra's monitoring costs:

<i>(in millions of euros)</i>	December 31, 2016
2017	292
2018 – 2020	1,402
2021 – 2025	1,592
2026 – 2035	1,667
2036 and beyond	8,525
TOTAL PROVISIONS BEFORE DISCOUNTING	13,478

ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

This heading consists of the following:

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Receivables related to end-of-lifecycle operations	779	739
Earmarked assets	5,310	5,382
TOTAL	6,089	6,122

Receivables related to end-of-lifecycle operations correspond principally to receivables resulting from the signature of a contract in December 2004 under which the CEA agreed to fund a share of facility dismantling costs at the La Hague and Cadarache plants and a share of waste retrieval and packaging costs at the UP2-400 plant.

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 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 composed based on a schedule of disbursements over more than a century and is therefore 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 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 Dismantling Fund Monitoring Committee. Long-term asset allocations indicate the target percentage of assets to cover liabilities (bonds and money market assets, including receivables from third parties) and the diversification of assets (shares of stock, etc.), subject to limitations imposed by the French decree no. 2007-243 of February 23, 2007 and its amendment by the decree no. 2013-678 of July 24, 2013, both in terms of the control and spread of risks and in terms of type of investments.

At December 31, 2016, for the scope of end-of-lifecycle obligations, the legal entities which make up New AREVA Holding show under-coverage of end-of-lifecycle liabilities by earmarked assets. By letter of January 5, 2017, the authority required AREVA NC to restore 100% coverage within a regulatory limit of three years.

New AREVA Holding ensured that all AREVA NC 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 decree.

The Equity segment is primarily managed by external service providers via:

- an equity management agreement, and
- earmarked investment funds.
- The rate segment (bonds and money market) is invested via:
 - open-ended mutual funds,
 - earmarked investment funds, and
 - directly held bonds.

The portfolio of assets earmarked to fund end-of-lifecycle expenses includes the following:

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
In market value or liquidation value		
Publicly traded shares	1,098	1,325
Equity investment funds	1,197	1,094
Bond and money market mutual funds	2,342	2,258
Unlisted mutual funds	112	96
At amortized cost		
Bonds and bond mutual funds held to maturity	561	610
Portfolio of securities earmarked for end-of-lifecycle operations	5,310	5,382
Receivables related to end-of-lifecycle operations	779	739
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	6,089	6,122

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
By region		
Eurozone	5,536	5,509
Non-euro Europe	471	537
Other	82	75
TOTAL	6,089	6,122

Financial assets held as securities or mutual funds represent 87% of all earmarked assets at December 31, 2016. Earmarked assets were allocated as follows: 40% equities, 47% bonds and 13% receivables.

The contractual framework for the main receivable related to end-of-lifecycle operations (receivable from the CEA in the amount of 681 million euros at December 31, 2016) was amended in 2015 in order to define a payment schedule by the CEA for the principal and interest, with the last payment scheduled for 2024.

The receivables from the CEA and EDF related to overfunding by New AREVA Holding in connection with tax payments related to financing provided to Andra between 1983 and 1999 were discussed with these two operators in 2015. The CEA confirmed to New AREVA Holding that a debt in an amount equal to New AREVA Holding's receivable, i.e. 16 million euros, was recognized in the CEA's accounts for the year ended December 31, 2016. In addition, 35 million euros for advance payments to be received from a third party were recorded in 2016.

Performance of financial assets earmarked for end-of-lifecycle operations by asset class^(#)

Asset class	2016	2015
Shares	+1.4%	+12.8%
Rate products (including receivables related to end-of-lifecycle operations)	3.2%	+1%
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	2.4%	+5.8%

^(#) 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.

Including interest on receivables used to determine the performance of rate instruments, the overall performance of earmarked assets would be +2.4% for the 2016 calendar year.

Risk description and assessment

Equity investments in the portfolio of earmarked securities include mainly:

- A mandate of publicly-traded shares, which includes about thirty companies based in the European Union. The securities are held in order to generate gains over the long term. 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 with diversified management strategies centered on European securities. 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 Law of June 28, 2006.

As regards securities held by AREVA NC, interest rate products in the portfolio of earmarked securities mainly include:

- Directly held securities consisting of government bonds from the Eurozone, which will be held to maturity. They are recognized at amortized cost under "securities held to maturity".
- Dedicated bond funds and open-ended money market funds. The sensitivity to interest rates of bond funds is limited in both directions, including the portfolio's overall consistency with preset long-term sensitivity objectives and the sensitivity of the liabilities to the discount rate used. The issuers' ratings (Moody's or Standard & Poor's) are used to manage the credit risk exposure of money market and bond funds.

For Eurodif, mandates and bond funds were established specifically to match disbursement flows.

Valuation

The mutual funds' net asset value is determined by valuing the securities held by each fund at market value on the last day of the period.

Derivatives

Derivatives may be used for hedging or to acquire a limited exposure. They are subject to specific investment guidelines prohibiting leverage. Total nominal commitments may not exceed the fund's net assets. Sales of puts and calls must be fully covered by underlying assets (and are prohibited on assets not included in the portfolio).

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 allows the maximum total loss to be estimated with a 95% level of confidence for different portfolio maturities using the VaR (Value at Risk) method and volatility estimates. A second estimate is done using deterministic scenarios: impact of rates and/or declining equity markets.

The impacts of changes in equity markets and interest rates on the valuation of earmarked assets are summarized in the following table:

Base case (December 31, 2016)	
<i>(in millions of euros)</i>	
Assumption: declining equity markets and rising interest rates	
-10% on equities	-240
+100 basis points on rates	-64
TOTAL	-304
Assumption: rising equity markets and declining interest rates	
+10% on equities	+240
-100 basis points on rates	+64
TOTAL	+304

Note 14 – INFORMATION ON JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Joint Ventures		
Cominak	17	14
Other joint ventures	0	0
Total Joint Ventures	17	14
Associates		
Total Associates	-	-
Total	17	14

SHARE IN NEGATIVE NET EQUITY OF JOINT VENTURES AND ASSOCIATES

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Joint Ventures		
ETC	63	59
Total	63	59

SHARE IN INCOME OF JOINT VENTURES AND ASSOCIATES

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Joint Ventures		
Cominak	4	2
ETC	6	4
Other joint ventures	0	(0)
Total Joint Ventures	10	6
Associates		
Total Associates	-	-
Total	10	6

A joint venture is considered to be significant if its revenue or balance sheet total is more than 200 million euros. An associate is considered to be significant when its balance sheet total is more than 200 million euros.

Financial information required under IFRS 12 is presented before eliminations of intercompany transactions and restatements, and is based on 100% ownership.

SIGNIFICANT JOINT VENTURES

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
	ETC	ETC
Country	Front End	Front End
% held	UK	UK
	50%	50%
Revenue	55	323
EBITDA	44	79
Net income	27	42
Including increases to amortization and depreciation	(5)	(2)
Including interest income / expense	(0)	0
Including tax income / expense	-	-
Other items of comprehensive income	(19)	24
Comprehensive income	8	66
Current assets	138	127
Including cash and cash equivalents	2	11
Non-current assets	40	47
Current liabilities	107	107
Including current financial liabilities	-	-
Non-current liabilities	51	54
Including non-current financial liabilities	-	-
Net assets	20	13
Share of net equity before eliminations at the beginning of the year	6	(27)
Share of comprehensive income	4	33
Share of dividend distributions	-	-
Other changes	-	-
Share of net equity before eliminations at the end of the year	10	6
Goodwill and consolidation entries	(73)	(65)
Investments in joint ventures at year-end closing	0	0
Share of negative net equity	(63)	(59)

Enrichment Technology Company (ETC) is a joint venture held in equal shares by AREVA and Urenco. Its main activity is to build, assemble and install centrifuges and associated piping systems enabling its customers to

enrich uranium. ETC is also involved in the design of ultracentrifugation enrichment plants to meet its customers' needs and in project management for the construction of these facilities.

New AREVA Holding considers that it has an implicit obligation to ensure the continuity of ETC operations; consequently, and in accordance with the provisions of IAS 28, New AREVA Holding recognizes its share of negative equity under liabilities on its consolidated balance sheet and its share of negative net income on its statement of income and statement of consolidated comprehensive income.

NON-SIGNIFICANT JOINT VENTURES

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Investments in non-significant joint ventures at year-end closing	17	14
Share of net income	4	2
Share of other items of comprehensive income	(1)	0
Share of comprehensive income	3	2

Non-significant joint ventures correspond to Cominak.

Note 15 – OTHER CURRENT AND NON-CURRENT ASSETS

<i>(in millions of euros)</i>	2016	2015
Available-for-sale securities	45	37
Loans to associates	1	4
Derivatives on financing activities	49	-
Other	40	25
Other non-current assets	135	66
Other current financial assets	2	19
Total	137	85

Available-for-sale securities include investments in privately held companies, mainly the 13% interest in the capital of Euronimba (iron mine in Guinea). At December 31, 2016, the carrying amount of the securities is justified by the potential resale value of the deposit's reserves and resources, based on a valuation per pound of iron in the ground.

Other non-current assets include uranium inventories which were capitalized to fund future mine reclamation expenses abroad.

Note 16 – INVENTORIES AND WORK IN PROCESS

<i>(in millions of euros)</i>	2016	2015
Raw materials and other supplies	314	327
Goods in process	57	12
Services in process	962	852
Finished goods	365	416
Total gross amount	1,697	1,606
Provisions for impairment	(436)	(393)
Total net carrying amount	1,261	1,213
Inventories and work-in-process		
at cost	1,034	741
at fair value net of disposal expenses	227	472
	1,261	1,213

At December 31, 2016, write-downs of inventories and work-in-process were recognized in the amount of 46 million euros (compared with 113 million euros in 2015), including 26 million euros for inventories of the separative work units (SWU) of the Enrichment operations and 20 million euros for the conversion inventories (UF₆) of the Chemistry operations.

These write-downs relate to the downward trend of market price indicators for SWUs and conversion over the period.

Note 17 – TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

<i>(in millions of euros)</i>	2016	2015
Gross amount	844	840
Impairment	(4)	(13)
Net carrying amount	841	827

At December 31, 2015 and December 31, 2016, the gross value of trade accounts receivable and related accounts (excluding contracts recognized using the percentage of completion method) does not include receivables maturing in more than one year.

At closing, trade accounts receivable and related accounts included receivables on contracts recognized according to the percentage of completion method in the amount of 102 million euros (versus 89 million euros at December 31, 2015).

Trade accounts receivable and related accounts (gross) *

<i>(in millions of euros)</i>	Gross amount	Maturing in the future	Impaired and past due	of which: not impaired and past due					
				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, 2016	742	672	3	18	10	6	4	5	25
December 31, 2015	751	652	13	34	2	1	4	11	35

* excluding accounts receivable on contracts recognized according to the percentage of completion method.

Note 18 - OTHER OPERATING RECEIVABLES

<i>(in millions of euros)</i>	2016	2015
French State	261	242
Advances and down payments to suppliers	32	34
Miscellaneous accounts receivable	315	304
Financial instruments	45	20
Other	7	9
Other operating receivables	661	610
Other non-operating receivables	62	75

“Miscellaneous accounts receivable” includes prepaid expenses, receivables from suppliers and receivables from employees and benefit management bodies.

“Financial instruments” include the fair value of derivatives hedging market transactions and the fair value of the firm commitments hedged.

Other operating receivables include 29 million euros in receivables maturing in more than one year.
Other non-operating receivables do not include receivables maturing in more than one year.

Note 19 – CASH AND CASH EQUIVALENTS

<i>(in millions of euros)</i>	2016	2015
Cash and current accounts	1,403	2,605
Cash equivalents	30	41
Total	1,434	2,646

The current account of New AREVA Holding SA vis-à-vis AREVA SA amounted to 1.299 billion euros at December 31, 2016.

Following the capital increase of New AREVA Holding and subject to its completion, AREVA would hold a minority interest in New AREVA Holding of approximately 40% of the capital and voting rights, leading to the loss of AREVA SA's control of New AREVA Holding SA. This loss of control would have the immediate consequence of AREVA SA's repayment of sums due to New AREVA Holding SA for the current account which would be terminated as of right.

At December 31, 2016, the amount of cash and cash equivalents not available to the group amounted to 67 million euros (versus 78 million euros at December 31, 2015):

- 37 million euros held by a subsidiary operating in Kazakhstan, where there are legal restrictions;
- 30 million euros held by a captive insurance firm pursuant to the Solvency2 prudential regulation.

Cash flow related to the Contribution, on November 10, 2016, by (1 019) million euros include:

- A financial current account debit balance of New AREVA Holding vis-à-vis AREVA SA amounting to 1 020 million euros,
- A credit balance of financial current accounts between New AREVA Holding and its subsidiaries amounting to (2 039) million euros.

Note 20 - EQUITY**Capital**

At December 31, 2015 and December 31, 2016, AREVA SA held all of the capital of New AREVA Holding.

Currency translation reserves

Currency translation reserves totaled 113 million euros, versus 16 million euros in 2015. The change mainly corresponds to the effects of the US dollar and the Canadian dollar.

Stock option plan

There is no stock option plan.

Earnings per share

An average of 30,668,067 shares was used to calculate earnings per share for 2016.

There is no dilutive element impacting the share capital.

The par value per share is 0.50 euro.

Other transactions with shareholders

AREVA SA undertook a capital reduction of New AREVA Holding by lowering the par value of the shares and increasing the capital of New AREVA Holding by increasing the number of shares, with a net impact of -195 million euros on equity.

In addition, New AREVA Holding bought back part of the minority interests of SET Holding and of Eurodif (see Note 2), with an impact of -121 million euros on equity.

Transactions with companies under common control (share in equity of owners of the group)

In 2016, transactions with companies under common control amounting to -2,094 million euros corresponded mainly to the Financial Restructuring of New AREVA Holding following the contributions of AREVA SA to New AREVA Holding carried out on November 10, 2016 in the amount of -2,137 million euros :

- Bond issues contribution amounting to - 4,959 million euros ;
- Intercompany loans, net of borrowings amounting to 3,499 million euros ;
- Current accounts credit balance amounting to -1,019 million euros ;
- Other contributions amounting to 342 million euros including financial derivatives.

Tax impact of other items of comprehensive income

<i>(in millions of euros)</i>	2016			2015		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Actuarial gains and losses on employee benefits	(83)	(1)	(84)	214	(18)	196
Currency translation adjustments of consolidated companies	145		145	(128)		(128)
Change in value of available-for-sale financial assets	(162)	51	(111)	94	(42)	52
Change in value of cash flow hedges	48	(12)	36	(91)	29	(62)
Share in comprehensive income of associates (net of income tax)	(10)		(10)	12		12
Items related to operations sold or held for sale						
Total other items of comprehensive income (net of income tax)	(63)	38	(25)	102	(31)	71

Note 21 - MINORITY INTERESTS

<i>(in millions of euros)</i>	2016	2015
Katco	109	126
SET and SET Holding	82	183
Somaïr	68	65
Imouraren (*)	(285)	(129)
Sofidif	18	18
Other	(32)	(27)
Total	(40)	237

(*) Imouraren is held by ANC Expansion, which is itself held by CFMM.

New AREVA Holding believes it has an implicit obligation to ensure the continuity of operation of Eurodif and its subsidiaries; consequently, New AREVA Holding recognizes all of the income and negative net equity of these companies in “net income attributable to owners of the parent” and in “equity attributable to owners of the parent”.

Financial information on significant subsidiaries, required under IFRS 12, is presented before elimination of intercompany transactions.

A subsidiary is considered to be significant if the percentage held by minority shareholders is greater than 20%, or if its revenue or total balance sheet is more than 200 million euros.

2016

<i>(in millions of euros)</i>	Imouraren	Somaïr	Katco	SET
	Mining	Mining	Mining	Front End
Country	Niger	Niger	Kazakhstan	France
Minority interests	50.12%	36.60%	49.00%	5.00%
Revenue	-	151	228	651
EBITDA	(8)	55	171	428
Net income	(616)	6	92	85
Share attributable to minority interests	(190)	2	45	4
Current assets	12	139	102	526
Non-current assets	1,376	156	191	5,418
Current liabilities	(223)	(65)	(33)	(778)
Non-current liabilities	(2,009)	(35)	(25)	(3,392)
Net assets	(844)	195	235	1,773
Share attributable to minority interests	(312)	71	115	89
Cash flow from operating activities	(54)	35	174	262
Cash flow from investing activities	4	(25)	(39)	(43)
Cash flow from financing activities	45	(7)	(218)	(194)
Increase (decrease) in net cash	(5)	3	(1)	25
Dividends paid to minority interests	-	-	(106)	(2)

2015

<i>(in millions of euros)</i>	Imouraren	Somaïr	Katco	SET
	Mining	Mining	Mining	Front End
Country	Niger	Niger	Kazakhstan	France
Minority interests	50.12%	36.60%	49.00%	12.00%
Revenue	-	197	361	649
EBITDA	(26)	39	298	460
Net income	(236)	5	207	37
Share attributable to minority interests	(102)	2	102	4
Current assets	39	135	147	484
Non-current assets	1,716	167	180	5,468
Current liabilities	(74)	(73)	(36)	(690)
Non-current liabilities	(1,909)	(46)	(25)	(3,552)
Net assets	(227)	183	267	1,709
Share attributable to minority interests	(122)	67	131	205
Cash flow from operating activities	(62)	30	289	234
Cash flow from investing activities	(20)	(19)	(57)	(157)
Cash flow from financing activities	87	(13)	(179)	(22)
Increase (decrease) in net cash	5	(2)	33	54
Dividends paid to minority interests	(42)	-	(88)	-

Note 22 – EMPLOYEE BENEFITS

Depending on the prevailing laws and practices of each country, the group's companies make severance payments to their retiring employees based on their compensation and seniority. Long-service medals and early retirement pensions are paid in France and in Germany, while supplemental pensions 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 method defined in Note 1.3.15.

The group calls on independent actuaries for a valuation of its commitments each year.

In some companies, these commitments 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 commitment and the fair value of the covering 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.

Change in the discount rate and other financial assumptions at December 31, 2016

The group's discount rate for the Eurozone was set at 1.50%, compared with 2.15% at year-end 2015. The long-term inflation assumption for the Eurozone was set at 1.5%.

The group's key benefits

The "CAFC plan" set up in 2012 is an early retirement plan consisting of a working time account with matching contributions from the employer for personnel who work at night or in certain jobs identified in the agreement. The system is partially covered by an insurance policy. The population of eligible beneficiaries is open.

The group's second most material early retirement system (called "TB6") is also located in France. The beneficiaries are employees who work at night or in certain types of jobs identified in the agreement.

Medical coverage partially funded by the employer during the retirement period is currently in effect in some companies in France. The population of eligible beneficiaries is open.

PROVISIONS RECOGNIZED ON THE BALANCE SHEET

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
TOTAL PLANS REVIEWED BY THE GROUP'S ACTUARIES	1,442	1,427
Less pension plan assets		
Less local pension plan assets		
TOTAL PROVISIONS FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	1,442	1,427
Medical expenses and accident/disability insurance	349	314
Retirement benefits	324	332
Job-related awards	7	7
Early retirement benefits	761	775
Supplemental retirement benefits	1	0

By region

<i>(in millions of euros)</i>	Eurozone	Other	TOTAL
Medical expenses and accident/disability insurance	349	-	349
Retirement benefits	324	-	324
Job-related awards	7	-	7
Early retirement benefits	761	-	761
Supplemental retirement benefits	0	1	1
Total	1,441	1	1,442

ACTUARIAL ASSUMPTIONS

Key actuarial assumptions used for valuation purposes

	2016	2015
Long-term inflation		
- Eurozone	1.5%	1.6%
Discount rate		
- Eurozone	1.5%	2.15%
Pension benefit increases		
- Eurozone	1.5%	1.6%
Social security ceiling increase (net of inflation)	+0.5%	+0.5%

Mortality tables

	2016	2015
France		
- Annuities	Mortality tables	Mortality tables
- Lump sum payments	INSEE 2000-2002 Men/Women	INSEE 2000-2002 Men/Women
Germany	RT2005G	RT2005G

Retirement age in France

	2016	2015
Management personnel	65	65
Non-management personnel	62	62

Average attrition is assumed to occur among employees in each company at a declining rate reflecting age brackets. The rates between brackets indicate [average turnover at career start - average turnover at career end].

	Management personnel		Non-management personnel	
	2016	2015	2016	2015
France	[1.6% - 0%]	[1.6% - 0%]	[0.7% - 0%]	[0.7% - 0%]
Germany	[7% - 0%]	[7% - 0%]	[7% - 0%]	[7% - 0%]

Assumed rate of salary increase, including inflation. The rates between brackets indicate [average increases at career start - average increases at career end].

	Management personnel		Non-management personnel	
	2016	2015	2016	2015
France	[2.6%; -1.1%]	[2.6%; -1.1%]	[2.6%; -1.1%]	[2.6%; -1.1%]
Germany	3%	3%	3%	3%

FINANCIAL ASSETS

The New AREVA Holding group's pension assets do not include financial instruments of the New AREVA Holding group. The pension plans' real estate assets do not include real property owned by New AREVA Holding.

EUROPE

Type of asset	2016	2015
Cash	12%	10%
Bonds	88%	90%
Shares	0%	0%
Real estate	0%	0%

Effective return on plan assets	2016	2015
Europe	2,0%	0,6%
United States	NA	NA

NET AMOUNT RECOGNIZED

December 31, 2016 (in millions of euros)	Medical expense s and accident /disabilit y insuranc e	Retirement benefits	Job-related awards	Early retireme nt benefits	Supplem ental retireme nt benefits	Total
Defined benefit obligation	349	326	7	858	35	1,575
Fair value of plan assets	0	2	0	98	34	134
Total defined benefit obligation	349	324	7	761	1	1,442

Sensitivity of the actuarial value to changes in discount rate

An across-the-board decrease in the discount rate of 0.50% would increase the defined benefit obligation by 5.6%.

EXPENSE FOR THE YEAR

December 31, 2016 <i>(in millions of euros)</i>	Medical expenses and accident/di sability insurance	Retirement benefits	Job- related awards	Early retirement benefits	Supplemental retirement benefits	Total
Current service cost	7	14	0	16	0	37
Interest cost	7	7	0	19	1	33
Past service costs (including plan changes and reductions)	(8)	(11)	0	(6)	0	(25)
Interest income on assets	0	0	0	(2)	(1)	(3)
Recognition of actuarial gains and losses generated during the year on other long-term plans (long service medals, CATS, etc.)	0	0	0	0	0	0
Administrative expenses	0	0	0	0	0	0
TOTAL expense with income statement impact	5	10	0	27	0	42
Recognition of actuarial gains and losses generated during the year on post-employment plans						
Actuarial gains and losses on earmarked assets	0	(1)	0	0	1	0
Experience differences	(2)	(1)	0	(1)	(1)	(4)
Demographic assumption differences	0	0	0	0	0	0
Financial assumption differences (adjustment of discount rate)	38	14	0	34	2	88
TOTAL expense with impact on other comprehensive income items	36	12	0	33	2	83
Total expense for the year	41	22	0	60	2	125

CHANGE IN THE DEFINED BENEFIT OBLIGATION

	Medical expenses and accident/di sability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
December 31, 2016 <i>(in millions of euros)</i>						
Defined benefit obligation at December 31, 2015	315	332	7	896	37	1,586
Current service cost	7	14	0	16	0	37
Past service costs (including plan changes and reductions)	(8)	(11)	0	(6)	0	(25)
Plan transfer	0	0	0	0	0	0
Disposals / Liquidation / Plan reductions	0	0	0	0	0	0
Cost escalation	7	7	0	19	1	33
Mergers, acquisitions, transfers	0	(4)	0	0	0	(4)
Change in consolidation scope	0	0	0	0		0
Employee contributions	0	0	0	0	0	0
Benefits paid during the year	(7)	(26)	0	(100)	(3)	(136)
Actuarial gains and losses	36	13	0	33	1	84
Currency translation adjustments	0	0	0	0	0	0
Defined benefit obligation of operations held for sale	0	0	0	0	0	0
DEFINED BENEFIT OBLIGATION AT DECEMBER 31, 2016	349	326	7	858	35	1,575

CHANGES IN PLAN ASSETS

<i>(in millions of euros)</i>	
Value of assets at December 31, 2015	158
Interest income on assets	4
Actuarial differences	0
Contributions / Benefits paid by the employer	0
Employee contributions	0
Benefits paid and not reimbursed	0
Benefits paid by earmarked assets	(28)
Administrative expenses funded by assets	0
Effect of mergers / acquisitions / transfers between entities	0
Effect of mergers / acquisitions / transfers between entities	0
Change in consolidation scope	0
Currency translation adjustments	0
Assets of operations held for sale	0
Value recognized at December 31, 2016	134

CHANGE IN PROVISION ESTIMATED BY THE GROUP'S ACTUARIES

<i>(in millions of euros)</i>	
Balance at December 31, 2015	1,427
Change in consolidated group	(4)
Currency translation adjustment	0
Total expense	125
Contributions collected/benefits paid	(107)
Assets of operations held for sale	0
NET CARRYING AMOUNT AT DECEMBER 31, 2016	1,442

Note 23 – OTHER PROVISIONS

<i>(in millions of euros)</i>	December 31, 2015	Charges	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Other changes (*)	December 31, 2016
Restoration of mining sites and mill decommissioning	238	11	(9)	(0)	15	254
Other non-current provisions	238	11	(9)	(0)	15	254
Restructuring and layoff plans	213	42	(79)	(7)	(0)	169
Provisions for ongoing cleanup	29	-	-	-	(12)	17
Provisions for losses at completion	64	99	(53)	(4)	0	106
Accrued costs	1,030	141	(60)	(11)	68	1,168
Other provisions	266	24	(8)	(9)	0	272
Current provisions	1,601	306	(199)	(31)	56	1,733
Total provisions	1,840	316	(208)	(31)	71	1,987

(*) including 77 million euros of unwinding.

At December 31, 2016 and December 31, 2015, the other provisions include in particular:

- provisions for disputes,
- provisions for tax risks,
- provisions for guarantees given to third parties.

Provisions for cleanup

At December 31, 2016, since the “Prisme” operations prior to the final shutdown of Eurodif’s Georges Besse I plant have been completed, all of the remaining provisions at December 31, 2015 (11 million euros) were reversed.

Provisions for restructuring and redundancy plans

Provisions for restructuring and redundancy plans represent the best estimate of the costs to be effectively borne in connection with workforce adjustment plans constituting the social component of the group’s competitiveness plan. They correspond to the different components of these plans, including in particular age-related measures (early retirement), attrition, and the tax for revitalization of labor pools in France. In accordance with the accounting rules, no provision was set up for the costs of internal mobility.

Provisions for losses at completion

Purchase contract for separative work units (SWU)

In light of persistently stagnant enrichment market prices, a provision in the amount of 50 million euros was constituted at December 31, 2015 for a SWU purchase contract, since firm commitments on sales prices made under this contract do not appear to be matched by the market price outlook for the period in question.

New firm sales contracts have been signed since December 31, 2015 and will be served by these purchases. Consequently, the provision calculated for these purchases was completely reversed at December 31, 2016. The counterpart is the establishment of additional provisions for losses at completion, inasmuch as the sales prices expected from these new contracts are lower than the purchase prices for these supply contracts. These provisions were charged in the amount of 77 million euros.

Provisions for contract completion

The provisions for remaining work cover a set of future services to be carried out at the la Hague and MELOX sites (Recycling Business Unit) and the Tricastin and Malvési sites (Chemistry-Enrichment Business Unit) in connection with contracts for which obligations to the customers have been met, revenue was recognized and the corresponding costs were expensed in offset to that provision. For the Recycling Business Unit, the services mainly concern work to retrieve, process, package, ship and dispose of technological waste related to MOX fabrication or to the pool storage of used fuel; for the Chemistry-Enrichment Business Unit, they concern work involving nitrate effluent and dust treatment. At December 31, 2016, these future services amounted to 693 million euros for the Recycling Business Unit and 473 million euros for the Chemistry-Enrichment Business Unit (compared with 593 million euros and 434 million euros respectively at December 31, 2015).

Other provisions

Industrial equipment supply contract

At December 31, 2015, a provision of 40 million euros was set up for a supply contract concerning industrial equipment whose use in the current market situation is still under review. No tangible item calls into question this provision at December 31, 2016.

Note 24 – BORROWINGS

<i>(in millions of euros)</i>	Non-current borrowings	Current borrowings	December 31, 2016	December 31, 2015
Interest-bearing advances	143		143	96
Borrowings from lending institutions and commercial paper	493	71	564	618
Bond issues (*)	4,148	857	5,006	-
Short-term bank facilities and non-trade current accounts (credit balances)	-	53	53	132
Financial derivatives	7	42	49	10
Miscellaneous debt	59	0	59	3,870
Total borrowings	4,851	1,022	5,873	4,726

(*) after hedging of the interest rate risk

At December 31, 2016, borrowings included in particular:

- a redeemable syndicated loan from 10 banks maturing in 2024 in the amount of 555 million euros (initial amount of 650 million euros at December 31, 2016);
- bond debt outstanding in the carrying amount of 4.945 billion euros;
- a financial current account credit balance for the ETC joint venture in the amount of 42 million euros.

At December 31, 2015, the credit balances of the financial current accounts were funded by AREVA SA in the amount of 118 million euros, and miscellaneous borrowings included shareholding-related borrowings concerning AREVA SA in the amount of 3.765 billion euros (see basis of preparation).

Borrowings by maturity, currency and type of interest rate:

<i>(in millions of euros)</i>	December 31, 2016
Maturing in one year or less	1,022
Maturing in 1-2 years	126
Maturing in 2-3 years	824
Maturing in 3-4 years	607
Maturing in 4-5 years	850
Maturing in more than 5 years	2,444
TOTAL	5,873

<i>(in millions of euros)</i>	December 31, 2016
Euro	5,775
US dollar	22
Yen	65
Other	11
TOTAL	5,873

	December 31, 2016
<i>(in millions of euros)</i>	
Fixed rate borrowings	4,833
Floating rate borrowings	926
TOTAL	5,759
Other non-interest-bearing debt	66
Financial derivatives	49
TOTAL	5,873

The maturities of the group's financial assets and borrowings at December 31, 2016 are presented in Note 29.

Bond issues after hedging

<i>Issue date</i>	Net carrying amount <i>(in millions of euros)</i>	Currency	Nominal amount <i>(in millions of currency units)</i>	Nominal rate	Term / Expiration
September 23, 2009	1,030	EUR	1,000	4.875%	September 2024
November 6, 2009	768	EUR	750	4.375%	November 2019
September 22, 2010	768	EUR	750	3.5%	March 2021
October 5, 2011	397	EUR	398	4.625%	October 2017
March 14, 2012	399	EUR	400	4.625%	October 2017
April 4, 2012	199	EUR	200	TEC10 + 2.125%	March 2022
September 4, 2013	531	EUR	500	3.25%	September 2020
September 20, 2013	65	JPY	8,000	1.156%	September 2018
March 20, 2014	788	EUR	750	3.125%	March 2023
TOTAL	4,945				

The fair value of these bond issues was 4.869 billion euros at December 31, 2016.

Guarantees and covenants

As security, AREVA SA has committed to guaranteeing the redemption of all bond issues contributed to New AREVA Holding and to guaranteeing the derivatives of New AREVA Holding with banking counterparties, for New AREVA Holding's benefit. At December 31, 2016, the carrying amount of New AREVA Holding's bond debt was 4.945 billion euros.

Those guarantees will end once the capital increase of New AREVA Holding has been carried out in the amount of at least 3 billion euros or, for the guarantee concerning the bond issues, once they have been redeemed.

In June 2014, AREVA SA gave a parent company guarantee to a banking pool to secure the redemption of the amortized loan of Société d'Enrichissement du Tricastin. The parent company guarantee covers 115% of the remaining amount outstanding of the loan, for which the carrying amount was 555 million euros at the end of 2016. Within the framework of the partial contribution of assets from AREVA SA to New AREVA Holding, SET's bank borrowings and related security (security interests in future receivables and bank accounts) were transferred to New AREVA Holding, with the exception of the parent company guarantee, which remains in force until the loss of control of New AREVA Holding (except in the event of prior release according to the contract conditions).

Banking covenants

The redeemable syndicated loan in the amount of 555 million euros at December 31, 2016 and maturing in June 2024 is backed by certain future revenue from the Georges Besse II enrichment plant. It includes security interests in future receivables and bank accounts, and it contains a covenant allocating cash flows to debt service which subordinates payments to New AREVA Holding (dividends and internal loan repayments) from Société d'Enrichissement du Tricastin.

Payment schedule at December 31, 2016

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Interest-bearing advances	143	143	-	-	-	-	-	143
Borrowings from lending institutions and commercial paper	564	564	77	59	56	76	83	213
Bond issues	5,006	5,006	857	65	768	531	768	2,017
Short-term bank facilities and non-trade current accounts (credit balances)	53	53	53	-	-	-	-	-
Miscellaneous borrowings	59	59	-	-	-	-	-	59
Future interest on financial liabilities	-	1,084	276	154	149	115	84	306
Total borrowings (excluding derivatives)	5,824	6,909	1,264	278	973	7,226	934	2,738
Derivatives – assets	(51)	(51)	-	-	-	-	-	-
Derivatives – liabilities	49	49	-	-	-	-	-	-
Total net derivatives	(2)	(2)	27	4	(2)	(9)	(10)	(11)
Total	5,823	6,907	1,291	282	970	712	924	2,727

Payment schedule at December 31, 2015

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Interest-bearing advances	96	96	-	-	-	-	-	96
Borrowings from lending institutions and commercial paper	618	618	33	78	61	45	81	319
Bond issues	-	-	-	-	-	-	-	-
Short-term bank facilities and non-trade current accounts (credit balances)	132	132	132	-	-	-	-	-
Miscellaneous borrowings	3,870	3,870	49	197	134	317	153	3,021
Future interest on financial liabilities	-	-	-	-	-	-	-	-
Total borrowings (excluding derivatives)	4,716	4,716	204	275	195	362	234	3,436
Derivatives – assets	(5)	(5)	-	-	-	-	-	-
Derivatives – liabilities	10	10	-	-	-	-	-	-
Total net derivatives	5	5	5	-	-	-	-	-
Total	4,721	4,721	219	275	195	362	234	3,436

Note 25 - ADVANCES AND PREPAYMENTS

<i>(in millions of euros)</i>	2016	2015
Advances and prepayments on orders	1,903	1,798
Customer advances and prepayments invested in non-current assets	991	1,026
Total	2,894	2,825

This account comprises non-interest-bearing operating and Capex advances and prepayments received from customers pursuant to contractual commitments. The advances and prepayments are reimbursed by deduction from the revenue generated under these contracts, which primarily concern sales of uranium and of used fuel treatment and recycling services. 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 recorded on the balance sheet represents the net balance of advances and prepayments received and revenue 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 contract by contract.

Customer advances and prepayments invested in non-current assets correspond to amounts received from customers and used to finance capital expenditures for the performance of long-term contracts to which they have subscribed.

At December 31, 2016, advances and prepayments by maturity were as follows:

- less than 1 year: 443 million euros
- 1-5 years: 1.929 billion euros
- more than 5 years: 522 million euros

Note 26 – TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

<i>(in millions of euros)</i>	2016	2015
Trade accounts payable and related accounts	619	731
Trade accounts payable	253	267
Supplier invoices pending	366	464
Other operating liabilities	1,839	1,758
Tax debt (excluding corporate income tax)	342	327
Social security liabilities	422	469
Financial instruments	223	269
Unearned income	507	461
Other operating liabilities	345	232
Other non-operating liabilities	72	61

Trade accounts payable and related accounts do not include borrowings maturing in more than one year at the end of 2016.

Other operating liabilities include 475 million euros in liabilities maturing in more than one year.

Other non-operating liabilities include mainly dividends payable to minority shareholders of certain subsidiaries. Other non-operating liabilities include 5 million euros in liabilities maturing in more than one year.

Note 27 – CASH FROM OPERATING ACTIVITIES

CHANGE IN WORKING CAPITAL REQUIREMENT

<i>(in millions of euros)</i>	December 31, 2016	December 31, 2015
Change in inventories and work-in-process	(54)	(56)
Change in accounts receivable and other receivables	(33)	391
Change in accounts payable and other liabilities	(88)	(128)
Change in trade advances and prepayments received	72	(18)
Change in advances and prepayments made	2	18
Change in Forex hedge of WCR	(31)	25
Change in other non-current non-financial assets	(8)	(7)
TOTAL	(139)	225

Note 28 - TRANSACTIONS WITH RELATED PARTIES

Transactions between the parent company, New AREVA Holding, and its subsidiaries, which are related parties, were eliminated on consolidation and are therefore not presented in this note.

December 31, 2016

<i>(in millions of euros)</i>	CEA	EDF	AREVA SA	Rest of AREVA group	Total
Operating income	228	1,360	197	218	2,003
Operating expenses	51	13	166	141	371
Trade accounts receivable and other	900	36	1,457	101	2,494
Trade accounts payable and other	176	409	200	143	928

December 31, 2015

<i>(in millions of euros)</i>	CEA	EDF	AREVA SA	Rest of AREVA group	Total
Operating income	259	1,320	221	298	2,098
Operating expenses	74	38	149	193	454
Trade accounts receivable and other	879	119	2,601	114	3,713
Trade accounts payable and other	151	1	4,330	126	4,608

Transactions with the CEA pertain to the dismantling work on the CEA's nuclear facilities and design engineering services.

New AREVA Holding has business relationships with government-owned companies, in particular EDF. Transactions with EDF concern the front end of the nuclear fuel cycle (uranium sales, conversion and enrichment services) and the back end of the cycle (used fuel shipping, storage, treatment and recycling services).

The AREVA SA company invoices a brand fee each year to the companies included in the consolidation scope. The brand fee invoiced by AREVA SA to the entities of the consolidation scope and included in the statement of income amounted to 33 million euros at December 31, 2016 (versus 35 million euros at December 31, 2015).

Services invoiced by AREVA SA to the entities of the consolidation scope and included in the statement of income amounted to 93 million euros at December 31, 2016 (versus 101 million euros at December 31, 2015). The decrease in receivables and payables between the New AREVA Holding group and AREVA SA between 2015 and 2016 comes from the fact that, starting in 2016, loans and borrowings of subsidiaries in the consolidation scope are now with New AREVA Holding SA and no longer with AREVA SA (see Introduction).

COMPENSATION PAID TO KEY EXECUTIVES

Until November 3, 2016, the company was a simplified joint stock company (*société par actions simplifiée*). As from its transformation into an incorporated company with a Board of Directors, the Board of Directors of the company chose to combine the functions of Chairman and Chief Executive Officer.

The directors appointed on November 3, 2016 do not receive compensation for their terms of office. They have an employment contract with a subsidiary of the company in connection with their functions and receive compensation for that purpose, without any link with their term as officers of the company.

Given the transitory nature of the governance set up and the fact that the compensation received by the officers is connected in all cases to an employment contract for specific functions without any connection to their terms as officers of the company, it was decided that it was not in the interest of the company to communicate in more detail on this compensation.

Note 29 – FINANCIAL INSTRUMENTS

The New AREVA Holding group uses derivatives to manage its exposure to foreign exchange risk and to rate risk. These instruments are generally qualified as hedges of assets, liabilities or specific commitments.

The New AREVA Holding group manages the counterparty risk associated with these instruments by centralizing the commitments and implementing procedures that specify the limits and characteristics of the counterparties.

For most of the companies, risk has been centralized within New AREVA Holding SA since the agreement to transfer the contributed transactions. Risk management was centralized within AREVA SA until its Financial Restructuring.

FOREIGN EXCHANGE RISK

The change in the exchange rate 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.

Balance sheet risk: The group finances its subsidiaries in their functional 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.

Trade exposure: The principal foreign exchange exposure concerns fluctuations in the euro/US dollar exchange rate. The group's policy, which was approved by the Executive Committee, is thus 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 New AREVA Holding group's policy, which was approved by the Executive Committee, is to systematically hedge foreign exchange risk generated by sales transactions, whether certain or potential (during the proposal phase), so as to minimize the impact of exchange rate fluctuations on net income.

The New AREVA Holding group acquires derivatives (principally currency futures) or special insurance contracts issued by Coface to hedge 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 profits on contracts) and proposals made in foreign currencies. These hedges are thus 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).

In accordance with the New AREVA Holding group's policies, the operating entities responsible for identifying foreign exchange risk hedge exposure to currencies other than their own accounting currency by initiating a hedging transaction exclusively with the group's Department of Finance and Treasury (DOFT), except as otherwise required by specific circumstances or regulations. DOFT thus centralizes the currency risk for the entities and hedges its position directly with banking counterparties. A system of strict limits, particularly concerning income, 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.

As security, New AREVA Holding SA has committed to guaranteeing the derivatives of New AREVA Holding SA with banking counterparties, for the benefit of New AREVA Holding. That guarantee will end once the New AREVA Holding SA capital increase has been carried out, in the amount of at least 3 billion euros.

Financial derivative instruments set up to hedge foreign exchange risk at December 31, 2016

<i>(notional amounts in millions of euros)</i>	2017	2018	2019	2020	2021	> 5 years	Total	Market value
Forward exchange transactions and currency swaps	2,237	1,194	595	202			4,228	(185)
Currency options	52						52	(2)
Cross-currency swaps	63	65	317				445	6
TOTAL	2,352	1,259	912	202	0	0	4,725	(180)

Derivative financial instruments used to hedge foreign currency exposure were as follows at December 31, 2016:

<i>(in millions of euros)</i>	2016	
	Nominal amounts in absolute value	Market value
Derivatives related to fair value hedging strategies (FVH)	337	(8)
Forward exchange transactions and currency swaps	337	(8)
Derivatives related to net investment hedging strategies (NIH)	0	0
Derivatives related to cash flow hedging strategies (CFH)	3,139	(157)
Forward exchange transactions and currency swaps	3,139	(157)
Derivatives not eligible for hedge accounting	1,250	(15)
Forward exchange transactions and currency swaps	752	(19)
Currency options	52	(2)
Cross-currency swaps	445	6
TOTAL	4,725	(180)

LIQUIDITY RISK

DOFT is in charge of liquidity risk management and provides appropriate long-term and short-term financing resources.

Cash management optimization is based on a centralized system to provide liquidity and manage cash surpluses. Management is provided by DOFT chiefly through cash-pooling agreements and intragroup loans, subject to local regulations. Cash surpluses are managed to optimize financial returns while ensuring that the financial instruments used are liquid.

COUNTERPARTY RISK

New AREVA Holding is exposed to the credit risk of counterparties linked to its use of financial derivatives to cover its risks

To minimize this risk, DOFT deals with diversified, premium counterparties selected as a function of their ratings in the Standard & Poor's and Moody's rating systems, with a rating of Investment Grade.

The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. The allocation of limits is reviewed at least once a year and approved by the group's Chief Financial Officer, unless the counterparty's rating has been downgraded. The limits are verified in a specific report produced by the internal control team of DOFT.

INTEREST RATE RISK

New AREVA Holding's debt is subject to interest rate risk, and the company held rate risk derivatives at December 31, 2016.

Financial derivative instruments set up to hedge interest risk at December 31, 2016

<i>(notional amounts in millions of euros)</i>	Total	2017	2018	2019	2020	2021	> 5 years	Market value
Interest rate swaps – variable lender – EUR								
<i>EUR fixed borrower</i>	175	0	0	0	0	0	175	(6)
Interest rate swaps – variable lender – EUR								
<i>EUR variable borrower</i>	75	0	0	0	0	0	75	(1)
<i>CAD variable borrower</i>	381	63	0	317	0	0	0	(1)
Interest rate swaps – fixed lender – EUR								
<i>EUR variable borrower</i>	550	0	0	50	150	150	200	43
Interest rate swaps – JPY fixed lender								
<i>EUR variable borrower</i>	65	0	65	0	0	0	0	0
Inflation rate swaps – variable lender – USD								
<i>USD fixed borrower</i>	166				166			(38)
TOTAL	1,411	63	65	367	316	150	450	(1)

At **December 31, 2016**, the following derivatives are used to hedge interest rate exposure:

Market value of contracts ⁽¹⁾					
<i>(notional amounts in millions of euros)</i>	Nominal amount of contract	Cash flow hedges (CFH)	Fair value hedges (FVH)	Not formally documented (Trading)	Total
Interest rate swaps – variable lender – EUR					
<i>EUR fixed borrower</i>	175			(6)	(6)
Interest rate swaps – variable lender – EUR					
<i>EUR variable borrower</i>	75			(1)	(1)
<i>CAD variable borrower</i>	381			(1)	(1)
Interest rate swaps – fixed lender – EUR					
<i>EUR variable borrower</i>	550		43		43
Interest rate swaps – JPY fixed lender					
<i>EUR variable borrower</i>	65			0	0
Inflation rate swaps – variable lender – USD					
<i>USD fixed borrower</i>	166			(38)	(38)
TOTAL	1,411	0	43	(45)	(1)

The following tables summarize the group's net rate risk exposure, before and after rate management transactions, at the end of 2016 and 2015.

Maturities of the group's financial assets and borrowings at December 31, 2016

<i>(in millions of euros)</i>	Less than one 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	1,436	5	7	10	10	18	1,485
including fixed rate assets	0						0
including floating rate assets	1,434						1,434
including non-interest-bearing assets	2	5	7	10	10	18	51
Borrowings	(1,022)	(126)	(824)	(607)	(850)	(2,444)	(5,873)
including fixed rate borrowings	(833)	4	(769)	(531)	(768)	(1,964)	(4,861)
including floating rate borrowings	(101)	(130)	(55)	(76)	(83)	(472)	(916)
including non-interest-bearing borrowings	(89)					(7)	(96)
Net exposure before hedging	413	(121)	(817)	(596)	(840)	(2,426)	(4,388)
share exposed to fixed rates	(833)	4	(769)	(531)	(768)	(1,964)	(4,861)
share exposed to floating rates	1,333	(130)	(55)	(76)	(83)	(472)	517
non-interest-bearing share	(87)	5	7	10	10	11	(45)
Off-balance sheet hedging							
on borrowings: fixed rate swaps		61	100	150	150	200	661
on borrowings: floating rate swaps		(61)	(100)	(150)	(150)	(200)	(661)
Net exposure after hedging	413	(121)	(817)	(596)	(840)	(2,426)	(4,388)
share exposed to fixed rates	(833)	64	(669)	(381)	(618)	(1,764)	(4,200)
share exposed to floating rates	1,333	(190)	(155)	(226)	(233)	(672)	(144)
non-interest-bearing share	(87)	5	7	10	10	11	(45)

Maturities of the group's financial assets and borrowings at December 31, 2015

<i>(in millions of euros)</i>	Less than one 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	2,666	0	0	0	0	0	2,666
including fixed rate assets	30						30
including floating rate assets	2,660						2,660
including non-interest-bearing assets	(25)						(25)
Borrowings	(224)	(277)	(194)	(361)	(234)	(3,435)	(4,726)
including fixed rate borrowings	0	(3)				(96)	(99)
including floating rate borrowings	(213)	(275)	(194)	(361)	(234)	(3,339)	(4,616)
including non-interest-bearing borrowings	(11)						(11)
Net exposure before hedging	2,441	(277)	(194)	(361)	(234)	(3,435)	(2,060)
share exposed to fixed rates	30	(3)	0	0	0	(96)	(69)
share exposed to floating rates	2,447	(275)	(194)	(361)	(234)	(3,339)	(1,956)
non-interest-bearing share	(36)	0	0	0	0	0	(36)
Off-balance sheet hedging							
on borrowings: fixed rate swaps							0
on borrowings: floating rate swaps							0
Net exposure after hedging	2,441	(277)	(194)	(361)	(234)	(3,435)	(2,060)
share exposed to fixed rates	30	(3)	0	0	0	(96)	(69)
share exposed to floating rates	2,447	(275)	(194)	(361)	(234)	(3,339)	(1,956)
non-interest-bearing share	(36)	0	0	0	0	0	(36)

Based on the group's exposure at December 31, 2016, a 1% increase in interest rates would have an impact on borrowing costs on a full-year basis estimated at 1 million euros and, therefore, on the group's consolidated income before tax.

RISK ON SHARES

The group holds of publicly traded shares in a significant amount and is exposed to changes in the financial markets. Those traded shares are subject to a risk of volatility inherent in the financial markets.

They are presented in the investment portfolio earmarked for end-of-lifecycle operations (see Note 13).

The risk on shares held in the portfolio of assets earmarked for end-of-lifecycle operations is an integral component of asset management, which uses shares to increase long-term returns as part of its allocation between bonds and equities (see Note 13). 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 is as follows:

Upper scenario (10% increase in the value of equity investments)

December 31, 2016 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value through profit or loss
Balance sheet position	2,401	
Income statement impact		
Impact on shareholders' equity	240	

Lower scenario (10% decrease in the value of equity investments)

December 31, 2016 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value through profit or loss
Balance sheet position	2,401	
Income statement impact	(2)	
Impact on shareholders' equity	(238)	

Note 30 - ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS**FINANCIAL ASSETS AND LIABILITIES BY CATEGORY****2016****Assets****Including**

<i>(in millions of euros)</i>	Balance sheet value	Non-financial assets and liabilities	Loans and receivables	Fair value recognized in profit or loss	Assets available for sale	Assets held to maturity	Derivatives	Fair value of financial assets
Non-current assets	17,004	10,802	798	-	4,793	561	49	6,341
Goodwill on consolidated companies	1,303	1,303						
Intangible assets	1,601	1,601						
Property, plant and equipment	7,554	7,554						
End-of-lifecycle assets (third party share)	127	127						
Assets earmarked for end-of-lifecycle operations	6,089		779		4,749	561		6,228
Investments in joint ventures and associates	17	17						
Other non-current assets	135	22	20		45		49	114
Deferred tax assets	178	178						
Current assets	4,410	1,984	2,360	30	-	-	36	2,426
Inventories and work-in-process	1,261	1,261						
Trade accounts receivable and related accounts	841	102	738					738
Other operating receivables	661	416	210				34	245
Current tax assets	127	127						
Other non-operating receivables	62	54	7					7
Cash and cash equivalents	1,434		1,403	30				1,433
Other current financial assets	2						2	2
Assets of operations held for sale	23	23						
Total assets	21,414	12,786	3,158	30	4,793	561	85	8,767

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.

	Level 1	Level 2	Level 3	TOTAL
Non-current assets	5,448	79	16	5,543
Assets earmarked for end-of-lifecycle operations	5,449			5,549
Other non-current financial assets	(1)	79	16	94
Current assets	30	36	-	66
Other operating receivables		34		34
Cash and cash equivalents	30			30
Other current financial assets		2		2
Total assets	5,479	114	16	5,609

Analysis of assets in the level 3 category

	Amount at December 31, 2015	Increase	Dispos- als	Opera- tions held for sale	Other	Amount at December 31, 2016
<i>(in millions of euros)</i>						
Other non-current assets	7	-	(1)	-	9	16

Liabilities and equity**Including**

<i>(in millions of euros)</i>	Balance sheet value	Non-financial assets and liabilities	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	(1,056)	(1,056)					
Capital	53	53					
Consolidated premiums and reserves	(1,130)	(1,130)					
Actuarial gains and losses on employee benefits	(187)	(187)					
Deferred unrealized gains and losses on financial instruments	136	136					
Currency translation reserves	113	113					
Minority interests	(40)	(40)					
Non-current liabilities	14,964	9,213	4,844	-	-	7	4,751
Employee benefits	1,442	1,442					
Provisions for end-of-lifecycle operations	7,341	7,341					
Other non-current provisions	254	254					
Share in negative net equity of joint ventures and associates	63	63					
Long-term borrowings	4,851		4,844			7	4,751
Deferred tax liabilities	113	113					
Current liabilities	8,407	5,719	2,462	-	-	225	2,710
Current provisions	1,733	1,733					
Short-term borrowings	1,022		981			42	1,045
Advances and prepayments received	2,894	2,894					
Trade accounts payable and related accounts	619		619				619
Other operating liabilities	1,839	859	796			183	980
Current tax liabilities	213	213					
Other non-operating liabilities	72	6	66				66
Liabilities of operations held for sale	15	15					
Total liabilities and equity	21,414	13,876	7,306	-	-	232	7,461

<i>(in millions of euros)</i>	Level 1	Level 2	Level 3	Total
Non-current liabilities	-	7	-	7
Long-term borrowings		7		7
Current liabilities	-	225	-	225
Short-term borrowings		42		42
Other operating liabilities		183		183
TOTAL LIABILITIES	-	232	-	232

2015

Assets**Including**

<i>(in millions of euros)</i>	Balance sheet value	Non-financial assets and liabilities	Loans and receivables	Fair value recognized in profit or loss	Assets available for sale	Assets held to maturity	Derivatives	Fair value of financial assets
Non-current assets	17,030	10,858	753	-	4,809	610	-	6,307
Goodwill on consolidated companies	1,272	1,272						
Intangible assets	1,584	1,584						
Property, plant and equipment	7,593	7,593						
End-of-lifecycle assets (third party share)	178	178						
Assets earmarked for end-of-lifecycle operations	6,122		739		4,773	610		6,257
Investments in joint ventures and associates	14	14						
Other non-current assets	66	16	13		37			50
Deferred tax assets	201	201						
Current assets	5,577	1,945	3,581	41	-	-	10	3,633
Inventories and work-in-process	1,213	1,213						
Trade accounts receivable and related accounts	827	89	738					738
Other operating receivables	610	395	210				5	215
Current tax assets	107	107						
Other non-operating receivables	75	61	14					14
Cash and cash equivalents	2,646		2,605	41				2,646
Other current financial assets	19		14				5	19
Assets of operations held for sale	79	79						
Total assets	22,607	12,803	4,334	41	4,809	610	10	9,939

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.

	Level 1	Level 2	Level 3	TOTAL
Non-current assets	5,517	30	6	5,554
Assets earmarked for end-of-lifecycle operations	5,517			5,517
Other non-current financial assets		30	6	37
Current assets	41	10	-	51
Other operating receivables		5		5
Cash and cash equivalents	41			41
Other current financial assets		5		5
Total assets	5,558	41	6	5,605

Liabilities and equity**Including**

<i>(in millions of euros)</i>	Bal- ance sheet value	Non- financial assets and liabilities	Liabili- ties at amor- tized cost	Fair value recog- nized in profit or loss	Assets available for sale	Derivatives	Fair value of financial liabilities
Equity and minority interests	1,953	1,953					
Capital	247	247					
Consolidated premiums and reserves	1,335	1,335					
Actuarial gains and losses on employee benefits	(93)	(93)					
Deferred unrealized gains and losses on financial instruments	211	211					
Currency translation reserves	16	16					
Minority interests	237	237					
Non-current liabilities	13,246	8,744	4,502	-	-	-	4,502
Employee benefits	1,427	1,427					
Provisions for end-of-lifecycle operations	6,920	6,920					
Other non-current provisions	238	238					
Share in negative net equity of joint ventures and associates	59	59					
Long-term borrowings	4,502		4,502				4,502
Deferred tax liabilities	100	100					
Current liabilities	7,408	5,429	1,703	-	-	276	1,979
Current provisions	1,601	1,601					
Short-term borrowings	224		214			10	224
Advances and prepayments received	2,825	2,825					
Trade accounts payable and related accounts	731		731				731
Other operating liabilities	1,758	795	698			265	963
Current tax liabilities	132	132					
Other non-operating liabilities	61	1	60				60
Liabilities of operations held for sale	75	75					
Total liabilities and equity	22,607	16,126	6,205	-	-	276	6,480

<i>(in millions of euros)</i>	Level 1	Level 2	Level 3	Total
Non-current liabilities	-	-	-	-
Long-term borrowings				
Current liabilities		276		276
Short-term borrowings		10		10
Other operating liabilities		265		265
TOTAL LIABILITIES		276		276

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Available-for-sale securities 2016

<i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation Changes in fair value and foreign exchange impact	Impairment	Gain (loss) from disposal
Shareholders' equity *			(50)		(112)
Net income	218	-		(22)	90
Total	218	-	(50)	(22)	(22)

* : excluding tax impact

At December 31, 2016, the net change in the fair value of available-for-sale securities recognized in "other items of comprehensive income" represented a total unrealized gain of 330 million euros.

Available-for-sale securities 2015

<i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation Changes in fair value and foreign exchange impact	Impairment	Gain (loss) from disposal
Shareholders' equity *			173		(86)
Net income	146	-		(23)	132
Total	146	-	173	(23)	46

* : excluding tax impact

At December 31, 2015, the net change in the fair value of available-for-sale securities recognized in "other items of comprehensive income" represented a total unrealized gain of 492 million euros.

Loans and receivables 2016

<i>(in millions of euros)</i>	Interest	Impairment	Debt forgiveness
Net income	27	10	(1)

Loans and receivables 2015

<i>(in millions of euros)</i>	Interest	Impairment	Debt forgiveness
Net income	23	2	(1)

Financial assets and liabilities at fair value recognized through profit or loss

There was no income from financial assets and liabilities at fair value recognized through profit and loss at December 31, 2016, as was the case at December 31, 2015.

Financial liabilities at amortized cost 2016

<i>(in millions of euros)</i>	Interest expense and commissions	Other income and expenses
Net income	(187)	0

Financial liabilities at amortized cost 2015

<i>(in millions of euros)</i>	Interest expense and commissions	Other income and expenses
Net income	(167)	0

CASH FLOW HEDGES

<i>(in millions of euros)</i>	Value before tax at December 31, 2015	New transact- ions	Change in value	Recogn- ized in profit or loss	Value before tax at December 31, 2016
Cash flow hedging instruments	(126)	(43)	(3)	32	(140)

LASTING IMPAIRMENT OF AVAILABLE-FOR-SALE SECURITIES

<i>(in millions of euros)</i>	Amount at December 31, 2015	Charges	Reversal of deprecia- tion on disposals	Currency translation adjustments	Other changes	Value before tax at December 31, 2016
Earmarked funds	(112)	(22)	7	-	-	(127)
Other available- for-sale securities	(29)	-	-	-	-	(29)
TOTAL	(141)	(22)	7	-	-	(156)

UNREALIZED CAPITAL LOSSES ON AVAILABLE-FOR-SALE SECURITIES NOT RECOGNIZED THROUGH PROFIT AND LOSS

<i>(in millions of euros)</i>	Unrealized capital losses at December 31, 2016	Including maturity in less than 1 year	Including maturity in 1-2 years
Mandate	(55)	(16)	(40)
Bond funds	(4)	(2)	(2)
TOTAL	(59)	(2)	(2)

Note 31 – OFF-BALANCE-SHEET COMMITMENTS

<i>(in millions of euros)</i>	December 31, 2016	<i>Less than one year</i>	<i>1 to 5 years</i>	<i>More than 5 years</i>	December 31, 2015
COMMITMENTS GIVEN	289	25	254	10	313
Operating commitments given	276	17	250	10	288
• <i>Contract guarantees given</i>	261	13	239	10	270
• <i>Other guarantees and guarantees related to operating activities</i>	15	4	11	-	19
Commitments given on financing	7	2	5	-	13
Other commitments given	5	5	-	-	11
COMMITMENTS RECEIVED	111	10	96	5	140
Operating commitments received	110	10	95	5	131
Commitments received on collateral	-	-	-	-	1
Other commitments received	1	0	1	0	8
RECIPROCAL COMMITMENTS	306	167	139	0	367

Reciprocal commitments at December 31, 2016 include the future minimum payments to be made on operating leases, as follows:

<i>(in millions of euros)</i>					
December 31, 2016	Less than one year	1 to 5 years	> 5 years	December 31, 2015	
22	7	15	0	34	

Note 32 – DISPUTES AND CONTINGENT LIABILITIES**URAMIN CASE**

Following the preliminary inquiry led by the French national financial prosecutor's office, two judicial inquiries against persons unknown were opened concerning the conditions of the acquisition of UraMin on the one hand, and the presentation of the company's financial statements from 2009 to 2012 following this purchase on the other hand.

In response to the subpoena received from the court in December 2015, New AREVA Holding brought an independent action for damages in connection with the investigation of the UraMin acquisition.

CFMM

A petition for arbitration was submitted to the International Chamber of Commerce on July 28, 2014 against the CFMM company by a partner, Mr. George Arthur Forrest, in which the petitioner challenges the decision of the General Meeting of Shareholders of June 24, 2013 to liquidate the ArevExplo RCA company. CFMM has submitted counterclaims in response to this petition. An arbitration court has been designated and the proceeding is expected to end with a decision in 2017.

MISCELLANEOUS INVESTIGATIONS

The company is also aware of the existence of other preliminary investigations in progress led by the French national financial prosecutor's office. Since these investigations are being carried out in connection with legal proceedings against parties unknown, New AREVA Holding is not currently implicated.

Note 33 – EVENTS SUBSEQUENT TO YEAR-END CLOSING FOR 2016

On January 1, 2017, New AREVA Holding SA acquired AREVA Projects, a company specialized in nuclear fuel cycle engineering, from AREVA NP.

On January 10, 2017, the European Commission gave its consent to the French State to participate in the capital increases of New AREVA Holding (see Note 1.1).

On March 21, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd industrial groups, the Commissioner of State shareholdings, and the AREVA group entered into force.

On April 10, 2017, AREVA and Kazatomprom signed an agreement aimed at strengthening their cooperation in the uranium mining sector in Kazakhstan. This agreement offers a new long-term outlook to Katco with the development of the South Tortkuduk Project, which will ensure its production over the next two decades.

7.2 Corporate financial statements for the year ended December 31, 2016

**NEW AREVA HOLDING
(formerly CERE)**

FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2016

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Note: Tables are generally expressed in thousands of euros. Rounding may in some cases lead to differences in totals or in changes.

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STATEMENT OF FINANCIAL POSITION

Assets	Note	2016			2015
		Gross	Amortization & Depreciation	Net	Net
<i>In thousands of euros</i>					
Uncalled share capital					
Non-current assets					
Research and development expenses					
Concessions, patents, licenses, software and similar rights					
Leasehold					
Other intangible assets					
Intangible assets in progress					
Advances and prepayments					
Total intangible assets					
Land					
Buildings					
Plant, equipment and tooling					
Other property, plant and equipment (PPE)					
Plant, property and equipment in progress					
Advances and prepayments on PPE					
Total property, plant and equipment					
Associates		3,396,805	387,484	3,009,321	33
Loans to associates		2,980,619	115,601	2,865,018	
Long-term shareholdings in trading portfolio					
Other long-term securities					
Loans					
Other long-term investments		7,061		7,061	
Total long-term investments	4.1/4.2	6,384,485	503,085	5,881,400	33
Total non-current assets		6,384,485	503,085	5,881,400	33
Current assets					
Raw materials and supplies					
Goods in process					
Intermediate and finished products					
Goods					
Total inventories and work-in-process					
Advances and prepayments on orders					
Accounts receivable and related accounts					
Other accounts receivable		229,176		229,176	
Subscribed capital called for, unpaid					
Total receivables	4.3	229,176		229,176	
Marketable securities		2,636	210	2,426	14,071
Cash instruments		5,690		5,690	
Cash and cash equivalents		2,031,450	6,520	2,024,931	245,269
Total cash and marketable securities	4.5	2,039,777	6,730	2,033,047	259,339
Prepaid expenses					
Total current assets		2,268,953	6,730	2,262,223	259,339
Deferred charges		7,762		7,762	
Bond redemption premiums		13,587		13,587	
Unrealized foreign exchange gains					
GRAND TOTAL		8,674,787	509,814	8,164,973	259,373

Shareholders' equity and liabilities			
<i>(in thousands of euros)</i>			
	Note	2016	2015
Share capital	4.6	52 831	247 500
Additional paid-in capital, merger premiums, share premiums		630,888	
Legal reserve		10,886	10,886
Reserves in accordance with the articles of association			
Other reserves		4,041	4041
Retained earnings		-3,058	-2,921
Net income for the year		101,633	-137
Investment subsidies			
Tax-driven provisions			
Total shareholders' equity	4.7	797,220	259,369
Other shareholders' equity			
Proceeds from issues of equity securities			
Advances subject to covenants			
Total other shareholders' equity			
Provisions for contingencies and charges			
Provisions for contingencies		7,035	
Provisions for charges			
Total provisions for contingencies and CHARGES	4.8	7,035	
Liabilities			
Convertible bond issues			
Other bond issues		4,886,230	
Bank borrowings		525	
Miscellaneous loans and borrowings		2,115,015	
Advances and prepayments on orders			
Trade accounts payable and related accounts		6,166	4
Taxes and employee-related liabilities			
Accounts payable on non-current assets and related accounts			
Other liabilities		239,790	
Financial instruments		2,344	
Unearned income		110,648	
Total liabilities	4.9	7,360,718	4
Unrealized foreign exchange losses			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		8,164,973	259,373

STATEMENT OF INCOME

<i>(in thousands of euros)</i>		Note Appendi	2016	2015
Operating income				
Sales of goods				
Sales of products				
Services performed				
Revenue ⁽¹⁾				
Production in inventory				
Self-constructed assets				
Operating subsidies				
Reversals of provisions, amortization and depreciation				
Transferred expenses				
Other income				
Total operating income				
Operating expenses				
Purchase of goods				
Change in inventory (goods)				
Purchases of raw materials and other supplies				
Change in inventory (raw materials and supplies)				
Other purchases and expenses			113	6
Taxes and related expenses				
Salaries and other compensation				
Social security taxes				
Amortization, depreciation and provisions			1,004	
Other expenses				
Total operating expenses			1,118	6
Current operating income		5.1	-1,118	-6
Share of net income from joint operations				
Profit allocated or loss transferred				
Loss allocated or profit transferred				
Financial income				
From equity interests			66,603	
From other marketable securities and capitalized receivables				2
Other interest and related income			38,994	544
Reversals of provisions, amortization and depreciation			142,336	
Transferred expenses				
Foreign exchange gains			144,286	
Net income from disposals of marketable securities				
Total financial income			392,220	546
Financial expenses				
Amortization, depreciation and provisions			9,563	428
Interest and related expenses			131,581	249
Foreign exchange losses			147,082	
Net loss on disposals of marketable securities				
Total financial expenses			288,226	677
NET FINANCIAL INCOME		5.2	103,993	-131
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS			102,876	-137

⁽¹⁾ including direct exports

STATEMENT OF INCOME (continued)

<i>(in thousands of euros)</i>	Note Appendi	2016	2015
Exceptional income			
On financial management transactions			
On capital or non-current asset transactions		10	
Reversals of provisions, amortization and depreciation			
Transferred expenses			
Total exceptional income		10	
Exceptional expenses			
On financial management transactions			
On capital or non-current asset transactions		1	
Amortization, depreciation and provisions			
Total exceptional expenses		1	
Exceptional items	5.3	9	
Employee profit-sharing			
Income tax	5.4	1,252	
NET INCOME		101,633	-137

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The notes hereunder supplement the statement of financial position for the period ended December 31, 2016 showing total assets of 8,164,973 thousand euros, and the statement of income, showing net income of 101,633 thousand euros. These statements are for the 12-month period beginning January 1 and ending December 31, 2016.

These notes to the financial statements include:

- Highlights of the year
- Accounting principles and methods
- Notes to the statement of financial position
- Notes to the statement of income
- Additional information

These notes and tables are an integral part of the annual financial statements approved by Board of Directors on April 28, 2017.

1. NOTABLE ITEMS IN THE 2016 FINANCIAL STATEMENTS

1.1. Change in the company's structure

New AREVA Holding has been the new company name of CERE since July 18, 2016 and has a new Chairman as of that same date: François Nogu , who replaces Bernard Montal gre in this position.

According to the report of the Chairman submitted to the sole partner, which approved the decision on September 15, 2016, New AREVA Holding proceeded with a capital reduction in the amount of 239,250 thousand euros, decreasing it from 247,500 thousand euros to 8,250 thousand euros.

The legal form of New AREVA Holding underwent conversion during the year. Initially a simplified joint-stock company with a single partner, New AREVA Holding has been a limited liability company held by AREVA SA (99.9%) and AREVA Projects 2 (0.1%, itself owned 100% by AREVA SA) since November 3, 2016. This operation was part of the proposed contribution to the Company by AREVA SA, in accordance with the stipulations of the proposed agreement for the partial contribution of assets subject to spin-off regulations, which occurred between the Company and AREVA SA on August 30, 2016.

1.2. Context of the 2016 financial statements

To restore its competitiveness and reestablish its financial position, the group designed and has started to implement the Restructuring Plan, consistent with the 2016-2020 "roadmap" presented to the market on June 15, 2016.

The Restructuring Plan includes the following three main sections:

- conversion of the nuclear fuel cycle operations (including the Mining, Front End and Back End operations) into subsidiaries within the New AREVA Holding entity, a wholly owned subsidiary of AREVA SA;
- capital increases of AREVA SA and New AREVA Holding in the total amount of 5 billion euros; and
- asset sales in order to withdraw from certain operations and refocus on the nuclear fuel cycle operations.

Subsidiarization of the nuclear fuel cycle operations within New AREVA Holding

Subsidiarization involved contributing the nuclear fuel cycle operations (including the Mining, Front End and Back End operations) to the New AREVA Holding entity, within which strategic investors are destined to invest alongside the French State.

The bearers of bonds issued by AREVA SA maturing in 2017, 2019, 2020, 2021, 2022, 2023 and 2024, assembled in general meetings, and the sole holder of the 2018 bond approved the Contribution on September 19, 2016 and September 27, 2016 respectively.

On November 3, 2016, AREVA SA's shareholders, assembled in an Extraordinary General Meeting, also approved the Contribution, the draft partial asset contribution agreement signed between AREVA SA and New AREVA Holding, and the valuation of and payment for the Contribution, and delegated authority to the Board of Directors to execute the Contribution. Furthermore, the Contribution and correlative capital increase of New AREVA Holding were approved by the New AREVA Holding shareholders on November 3, 2016.

The Contribution was executed on November 10, 2016, giving rise to a capital increase for New AREVA Holding in the amount of 44,581 thousand euros. The retranscription of the items concerned by this partial asset contribution is presented in the notes to the financial statements, in the "partial asset contribution" column.

European Commission consent for the Restructuring Plan

On April 29, 2016, the French authorities notified the European Commission of a restructuring aid measure which takes the form of twin capital increases by the injection of public capital in the amount of 2 billion euros in AREVA SA and in the maximum amount of 2.5 billion euros in New AREVA Holding.

On January 10, 2017, at the end of the review of the matter by the European Commission, the latter authorized the French State's participation in the capital increases of AREVA SA and of New AREVA Holding, finding in particular that (i) the planned aid measures enable the group's return to long-term viability, (ii) the group is contributing significantly to the costs of its restructuring and (iii) the compensatory measures proposed by the group are sufficient and adequate.

The European Commission's authorization is conditioned on the fulfillment of the following two preconditions:

- the findings of the Autorité de sûreté nucléaire ("ASN") on the results of the demonstration program concerning the problem of carbon segregation identified in parts of the EPR reactor vessel of the Flamanville 3 project, without calling into question the suitability for service of the vessel parts due to that segregation or, alternatively, a decision by EDF, duly notified to the group in view of the sale of New NP, to waive the condition precedent related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor's vessel; and
- the European Commission's authorization of the merger between EDF and New NP.

Moreover, the European Commission's authorization is accompanied by a certain number of commitments on the part of the group until the end of its restructuring plan, i.e. the end of 2019. In particular, it covers the obligation not to proceed with acquisitions of interests in companies which it does not already control (with the exception of (i) a certain number of already identified projects and (ii) after the European Commission's authorization of projects which would be necessary to its return to viability), and the obligation to withdraw completely from the reactor and fuel assembly operations. By that date, neither AREVA SA nor New AREVA Holding will have a capitalistic relationship with New NP.

On January 10, 2017, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA SA in the amount of 2 billion euros and the other for New AREVA Holding in the amount of 1.3 billion euros, to enable the group to meet its financial obligations until the effective completion of the AREVA SA and New AREVA Holding capital increases.

These advances from the shareholder current account, to be credited to the amount of the above-mentioned capital increases reserved for the French State, will be reimbursed by converting the State's receivable into capital within the framework of those capital increases, subject to the fulfillment of the two preconditions described above.

Commitments from strategic investors to participate in the New AREVA Holding capital increase

The industrial groups Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd expressed interest in participating in the New AREVA Holding capital increase and formulated offers to that effect on December 15, 2016.

These strategic investors have committed to participating in the New AREVA Holding capital increase at the level of 500 million euros, corresponding to a 10% target interest, and will thus become New AREVA Holding shareholders alongside the French State and AREVA SA, subject to the signature of the final agreements and the completion of the above-mentioned capital increase.

On March 21, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd industrial groups, the Commissioner of State shareholdings, and the AREVA group entered into force.

New AREVA Holding capital increase

The capital increase of New AREVA Holding in the total amount of 3 billion euros is to be subscribed by the French State and strategic investors.

The objective of this capital increase is to enable New AREVA Holding to meet its financial obligations and to develop, before being in a position in the medium term to refinance on the markets. The French State confirmed its commitments to participating in the Capital Increase at the maximum level of 2.5 billion euros, alongside strategic investors.

The proposed New AREVA Holding capital increase was submitted for approval to the General Meeting of New AREVA Holding Shareholders held on February 3, 2017. The execution of this capital increase is subject to the fulfillment of the conditions accompanying the European Commission's authorization of January 10, 2017 (see above).

Following this capital increase, and subject to its completion, AREVA SA would hold a minority interest in New AREVA Holding of approximately 40% of the capital and voting rights, leading to the loss of AREVA's control of New AREVA Holding.

Furthermore, the completion of the New AREVA Holding capital increase is subject to the consent of third parties for the change of control of New AREVA Holding control and for the change in the nature of AREVA SA's operations.

Liquidity position and continuity of operations

At December 31, 2016, New AREVA Holding's short-term borrowings amounted to 871 million euros, mainly consisting of the bond issue in the amount of 800 million euros maturing on October 5, 2017.

To meet those commitments and ensure the continuity of operations in 2017, the principal sources of financing in 2017 are spread out as follows:

- An advance to New AREVA Holding SA from the shareholder current account of the French State in the amount of 1.3 billion euros, as authorized by the European Commission on January 10, 2017. This advance from the shareholder current account, to be credited to the capital increase of New AREVA Holding planned in 2017, will bridge the gap with the latter.
- The objective of this capital increase is to strengthen the capital structure of New AREVA Holding and enable it to meet its liquidity requirements.

Taken together, these items will ensure the continuity of operations for the 2017 financial year.

Beyond 2017, the significant debt maturities for New AREVA Holding in 2018 consist of the repayment of a private placement maturing on September 20, 2018 in the equivalent of approximately 60 million euros.

1.3. Write-down of investments in associates and loans to associates

In connection with the review of the business outlook for the different business units performed at the end of 2016 and in view of the assessments performed in the context of the partial asset contribution, the projected profitability of certain first-tier subsidiaries was revised. At the end of the period, valuations of investments in associates were based on the amounts used in connection with the contribution agreement and are restated for the change in net debt at the end of the period.

The recoverable amounts resulting therefrom translate into the write-down or reversal of write-down of certain investments in associates, of non-trade current accounts, of loans to associates held by New AREVA Holding (see Note 4.2), and of the provision for financial risk (see Note 4.8). The subsidiaries concerned are mainly:

- AREVA Business Support,
- AREVA Mines, and
- AREVA Ressources Centrafrique.

2. ACCOUNTING PRINCIPLES AND METHODS

The financial statements of New AREVA Holding for the year ended December 31, 2016 were prepared in accordance with French accounting standards as defined in articles 121-1 and 121-5 *et seq.* of the 2016 edition of the *Plan comptable général* (French generally accepted accounting principles). The accounting policies were applied in compliance with the provisions of the French Commercial Code, the Accounting Decree of November 29, 1983 and the ANC 2016-07 regulations of the French Accounting Board related to the redrafting of the *Plan comptable général* applicable to year-end closing.

2.1. Long-term investments

Long-term investments appear on the assets side of the balance sheet at their transfer value or acquisition cost. The acquisition cost means the purchase price plus costs directly related to the purchase, in particular commissions paid to acquire the investment.

Investments in associates are written down when their original cost exceeds their value in use, determined investment by investment.

This write-down is calculated based on the share of net assets held at year end. This assessment also takes into account the subsidiaries' estimated profitability or market value, as well as events or situations subsequent to year-end.

Loans to associates are recorded at face value. A provision for impairment is recognized if necessary to reflect the actual value at year end.

2.2. Receivables and borrowings

Receivables and borrowings are valued at face value. Receivables may be written down by a provision to reflect potential collection difficulties based on information available at closing.

Receivables and borrowings in foreign currencies are translated and recorded in euros based on exchange rates in effect at year end. Unrealized gains and losses are recorded on the balance sheet as currency translation differences. Receivables and borrowings in foreign currencies whose exchange rates have been hedged are recorded in euros based on the hedged rate. Unrealized foreign exchange losses are recognized through a contingency provision.

2.3. Financial instruments

New AREVA Holding uses derivatives to hedge foreign exchange risks, interest rate risks and the price of commodities, both for its own account and for transactions carried out by its subsidiaries. The derivatives used are mainly forward exchange contracts, currency and interest rate swaps, inflation 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. Derivatives traded to hedge subsidiaries' exposure are issued by banking counterparties. Thus, New AREVA Holding's exposure to its subsidiaries is strictly offset by New AREVA Holding's positions with the banks.

Accounting principles:

- Gains and losses on derivatives traded to hedge the subsidiaries' exposure are recognized through profit and loss at maturity, thus matching the gains and losses recognized on the symmetrical derivative transactions between New AREVA Holding and the banks.
- Interest rate derivatives traded by New AREVA Holding are qualified as hedging instruments. Interest is recognized as accrued.

2.4. Non-trade current accounts

Non-trade current accounts are reported under "cash and cash equivalents" on the assets side of the balance sheet; otherwise, they appear in borrowings on the liabilities side.

2.5. Marketable securities

Marketable securities are valued at the lower of their acquisition cost or their net carrying amount. A provision for impairment is recorded when the valuation at the end of the period shows an overall capital loss by class of securities. The net carrying amount is equal to the average closing market price of the securities for the last month of the period.

A provision for impairment of other cash investments, such as debt instruments that are not publicly traded, is recorded separately when warranted.

2.6. Bond issues

Bond debt is recognized as borrowings, as provided in generally accepted accounting principles in France (*Plan comptable général*).

Redemption premiums and deferred charges related to bond issues are amortized in a straight line over the term of the issue.

2.7. Provisions for contingencies and charges

AREVA's provisions for contingencies and losses are consistent with French accounting board rules on liabilities dated December 7, 2000 (CRC 2000-06).

AREVA SA records provisions for contingencies and losses, for instance to cover restructuring or litigation expenses.

Contingent liabilities represent obligations that are neither probable nor certain at the date of closing, or obligations that are probable but where no resource is likely to be expended. Contingent liabilities are not recognized in provisions, but rather disclosed in the notes (see paragraph 4.8).

2.8. Exceptional items

Items related to the company's ordinary operations are recognized in income before tax and extraordinary items, even if they are exceptional in terms of frequency or amount. Only items that are not related to the company's ordinary operations are recognized as exceptional items in the income statement, in addition to transactions specifically qualified as exceptional items under French GAAP (regulated provisions, reversals of investment subsidies, gains on disposals of certain assets, etc.).

2.9. Tax information

As provided in article 223A of the French Tax Code, AREVA SA opted to be solely responsible for income tax due on the combined income of the group consisting of AREVA SA and the subsidiaries in which it holds at least 95% of the share capital. This regime remains in effect for the year ended December 31, 2016.

The relations between AREVA SA and its integrated subsidiaries are governed by a tax integration agreement based on the principle of tax neutrality. This agreement defines in particular the conditions for distributing tax liabilities among integrated companies and the rules applicable upon termination of the integration.

As provided in article 39-1-2 of the French Tax Code, depreciation is deductible for tax purposes only if properly recognized in the company's accounting records. To encourage capital spending, tax law may allow companies to recognize amortization that would not otherwise be required under reporting standards. Due to discrepancies between tax and accounting rules, New AREVA Holding recognizes accelerated depreciation in a manner that is consistent with accounting rules providing for minimum cumulative straight-line amortization.

3. EVENTS SUBSEQUENT TO YEAR-END CLOSING

On January 1, 2017, New AREVA Holding SA acquired AREVA Projects, a company specialized in nuclear fuel cycle engineering, from AREVA NP.

On January 10, 2017, the European Commission gave its consent to the French State to participate in the capital increases of New AREVA Holding (see Note 1.2).

On February 3, 2017, the shareholders of New AREVA Holding approved the capital increase in the total amount of 3 billion euros, with 2.5 billion euros reserved for the French State and 250 million euros each reserved for MHI and JNFL respectively.

On March 21, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd industrial groups, the Commissioner of State shareholdings, and the AREVA group entered into force.

4. NOTES TO THE BALANCE SHEET

4.1. Long-term investments

Gross amount						2016
(in thousands of euros)	Note	2015	Partial asset contribution	Increase	Decrease	
Associates	4.1.1	71	3,396,735		1	3,396,805
Loans to associates	4.1.2		3,677,531	5,232	702,145	2,980,619
Investment portfolio						
Other long-term securities						
Loans						
Other long-term investments:						
- Receivables related to end-of-lifecycle						
- End-of-lifecycle assets - Third party						
- Other long-term investments	4.1.3		7,061			7,061
TOTAL LONG-TERM INVESTMENTS		71	7,081,327	5,232	702,146	6,384,485

The principal changes in long-term investments correspond to the transactions involving the partial contribution of assets.

4.1.1. The “Associates” line totaling 3,396,805 thousand euros primarily comprises the following securities:

AREVA Mines	2,356,194	thousand euros
AREVA NC	523,292	thousand euros
AREVA Nuclear Materials	358,391	thousand euros
AREVA Business Support	122,069	thousand euros

4.1.2. The “loans to associates” line in the amount of 2,980,619 thousand euros concerns medium-term loans granted to companies of the group, including accrued interest (see Note 4.4.1). The companies concerned at December 31, 2016 were mainly:

Société Enrichissement Tricastin	1,795,871	thousand euros
AREVA Resources Canada	815,749	thousand euros (1,157,385 K CAD)
Eurodif SA	145,179	thousand euros
AREVA Ressources Centrafrique	115,601	thousand euros (121,855 K USD)
AREVA Nuclear Materials	67,409	thousand euros (71,055 K USD)
AREVA Med	31,166	thousand euros

The decreases over the period concern repayments made in the second half of 2016 by the following companies:

CFMM	605,166	thousand euros
AREVA Resources Canada	58,691	thousand euros (83,000 K CAD)
Société Enrichissement Tricastin	38,288	thousand euros

4.1.3. Other long-term investments include New AREVA Holding’s equity interest in European Liability Insurance for the Nuclear Industry (Elini), a mutual insurance company, representing 6,741 thousand euros at December 31, 2016, and in the mutual insurance company BlueRE in the amount of 320 thousand euros.

4.2. Write-downs of long-term investments

Write-downs <i>(in thousands of euros)</i>	Note	2015	Partial asset contribution	Increase	Decrease	2016
Associates	4.2.1	38	529,128		141,682	387,484
Loans to associates	4.2.2		114,093	1,508		115,601
Investment portfolio						
Other long-term securities						
Loans						
Other long-term investments:						
- Receivables related to end-of-lifecycle operations						
- End-of-lifecycle assets - Third party share						
- Other long-term investments						
TOTAL LONG-TERM INVESTMENTS		38	643,221	1,508	141,682	503,085

In connection with the partial asset contribution transactions made at carrying amount, the balance of provisions on investments in associates, mainly concerning the shares of AREVA Mines, AREVA Business Support and AREVADelfi, were transferred to New AREVA Holding.

4.2.1 In view of accounting rules and methods (see paragraph 2.1), reversals correspond to provisions on the shares of:

AREVA Business Support	24,682	thousand euros
AREVA Mines	117,000	thousand euros

4.2.2 The change in provisions for loans to associates corresponds to charges to provisions for receivables:

AREVA Ressources Centrafrique	1,508	thousand euros
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4.3. Statement of receivables

<i>(in thousands of euros)</i>	Note	Gross amount	Maturing in less than 1 year	Maturing in more than 1 year
Non-current assets				
Loans to associates	4.1.2	2,980,619	12,223	2,968,396
Loans				
Other long-term investments:				
- Receivables related to end-of-lifecycle				
- End-of-lifecycle assets - Third party share				
- Other long-term investments		7,061		7,061
Total capitalized receivables		2,987,680	12,223	2,975,457
Current assets				
Suppliers: advances and prepayments made				
Working capital: receivables				
Doubtful accounts				
Other trade accounts receivable				
Accounts payable to employees and related				
Social security administration and other social institutions				
French State and local governments:				
- Income tax				
- Value added tax				
- Other taxes and related expenses				
- Miscellaneous French State				
Group and associates				
Trade accounts and other receivables		229,176	229,176	
Total gross receivables – working capital		229,176	229,176	
Prepaid expenses				
TOTAL GROSS RECEIVABLES		3,216,856	241,399	2,975,457

4.4. Accrued income

(French decree 83-1020 of November 29, 1983, article 23)

<i>(in thousands of euros)</i>	Note	2016	2015
Long-term investments			
Loans to associates	4.4.1.	12,223	
Other long-term investments			
Total long-term investments		12,223	
Working capital: receivables			
Trade accounts receivable and related accounts			
Accounts payable to employees and related accounts			
Social security administration and other social institutions			
French State and local governments			
Trade accounts and other receivables	4.4.2.	229,176	
Total receivables – working capital		229,176	
Marketable securities		26	144
Cash and cash equivalents			
TOTAL INCOME RECEIVABLE		241,425	144

4.4.1

This item concerns accrued interest on loans to associates, in particular:

AREVA Resources Canada	5,205 thousand euros
SET	6,649 thousand euros

4.4.2

The change in miscellaneous trade accounts and other receivables is mainly due to the revaluation of cash instruments at the closing rate and reflects the transfer of those instruments in connection with the partial asset contribution.

4.5. Net cash

<i>(in thousands of euros)</i>	Note	2016	2015
Other marketable securities		2,636	14,499
Write-downs		-210	-428
	4.5.1.	2,426	14,071
Cash instruments		5,690	
Non-trade current accounts	4.5.2.	2,020,626	245,264
Write-downs	4.5.3.	-6,520	
		2,014,107	245,264
Cash and cash equivalents		10,824	4
TOTAL CASH AND MARKETABLE SECURITIES		2,033,047	259,339

4.5.1. At December 31, 2016, other marketable securities consisted primarily of self-owned bonds in the amount of 2,634 thousand euros, written down by 210 thousand euros.

4.5.2. The principal changes in non-trade current accounts correspond to the transactions for the partial contribution of assets. Non-trade current accounts amounted to 2,020,626 thousand euros. The companies concerned at December 31, 2016 were mainly:

- AREVA SA	1,298,750	thousand euros
- CFMM	647,904	thousand euros
- AREVA UK Ltd	15,482	thousand euros
- AREVA Temis	14,305	thousand euros
- Columbiana Hi Tech LLC	10,120	thousand euros
- AREVA Med	9,093	thousand euros

4.5.3. The increased write-down of non-trade current accounts in the amount of 6,520 thousand euros corresponds to hedging of the non-collectability risk of AREVA Ressources Centrafrique.

4.6. Share structure

(French decree 83-1020 of November 29, 1983, article 24-12)

Category of shares	Par value	Number of shares			
		at the beginning of the year	Increase	Decrease	at year-end
Ordinary shares ⁽¹⁾	0.50 euros	16,500,000	89,161,110 ⁽²⁾		105,661,110

(1) On September 15, 2016, the capital of New AREVA Holding was reduced from 247,500 thousand euros to 8,250 thousand euros by means of a reduction in the par value of the shares, which went from 15.00 euros per share to 0.50 euros per share.

(2) On November 3, 2016, the company was converted into a limited liability company with a board of directors. On that same date, the General Meeting of Shareholders approved the proposed partial contribution of assets. The Board of Directors thus recognized the execution of the contribution and the issue of 89,161,110 new shares.

The authorized capital of New AREVA Holding at December 31, 2016 was as follows:

	2016	2015	2014
AREVA SA	99.99%	100.00%	100.00%
AREVA Project 2	0.01%	-%	-%
Total	100.00%	100.00%	100.00%

4.7. Equity

(in thousands of euros)	Note Appendix	2015	Allocation of the result	Partial asset contribution	Net income for the year	Increase	Decrease	2016
Subscribed capital	4.7.1	247,500		44 581			-239,500	52,831
Additional paid-in capital, share premiums	4.7.2			397,699			233,189	630,888
Revaluation adjustment		10,886						10,886
Legal reserve								
Restricted reserves								
Regulated reserves								
Other reserves		4,041						4,041
Retained earnings		-2,921	-137					-3,058
Net income for the year		-137	137		101,633			101,633
Net investment subsidies								
Tax-driven provisions								
TOTAL SHAREHOLDERS' EQUITY		259,369	-	442,280	101,633		-6,061	797,220

4.7.1. The Board of Directors recognized the execution of the contribution and the issue of 89,161,110 new shares in the amount of 44,581 thousand euros.

4.7.2. The resulting share premium in the amount of 397,699 thousand euros corresponds to the difference between the value of the net assets contributed, including the value of shares of the AREVA Nuclear Materials company, in connection with the Contribution, and the par value of the shares created. Expenses, charges and fees resulting from the contribution in the amount of 6,061 thousand euros were deducted from the share premium.

4.8. Provisions for contingencies and charges

<i>(in thousands of euros)</i>	Note Appendix	2015	Partial asset contribution	Increase	Decrease	Reclassifications	2016
Provisions for contingencies							
Provisions for litigation							
Provisions for customer guarantees							
Provisions for taxes							
Provisions for foreign exchange losses							
Other provisions for contingencies	4.8.1		4,934	2,327	226		7,035
Total provisions for contingencies			4,934	2,327	226		7,035
Provisions for charges							
Provisions for retirement and similar benefits							
Provisions for taxes							
Provisions for work completion							
Provisions for accrued expenses							
Provisions for mining site reclamation							
End-of-lifecycle provisions							
Provisions for decontamination of tooling							
Other provisions for charges							
Total provisions for charges							
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES			4,934,	2,327	226		7,035
Including charges and reversals							
- Operating							
- Financial				2,327	226		
- Exceptional							

4.8.1

The change in other provisions for contingencies mostly concerns:

- underlying losses on rate swaps in the amount of 2,327 thousand euros;
- a provision reversal for the negative net situation of AREVA Business Support in the amount of 226 thousand euros.

4.9. Statement of liabilities

<i>(in thousands of euros)</i>	Note	Gross amount	Maturing in less than 1 year	Maturing 1 to 5 years	Maturing in more than 5 years
Borrowings					
Convertible bond issues					
Other bond issues	4.9.1	4,886,230	871,400	2,064,830	1,950,000
Bank borrowings	4.9.2	525	525		
Miscellaneous loans and borrowings	4.9.3	2,115,015	2,115,015		
Total borrowings		7,001,769	2,986,939	2,064,830	1,950,000
Advances and prepayments on orders					
Other liabilities					
Trade accounts payable and related accounts		6,166	6,166		
Taxes and employee-related liabilities:					
- Accounts payable to employees and related accounts					
- Social security administration and other social institutions					
- French State and local governments:					
. Value added tax					
. Other taxes					
. Income tax					
Accounts payable on non-current assets and related accounts					
Group and associates					
Other liabilities		239,790	239,790		
Cash instruments		2,344	2,344		
Total other liabilities		248,300	248,300		
Unearned income	4.9.4	110,648	22,627	69,682	18,339
Total unearned income		110,648	22,627	69,682	18,339
TOTAL GROSS LIABILITIES		7,360,718	3,257,866	2,134,512	1,968,339

4.9.1. Bond issues

(in currency thousands)

Issue date	Nominal	Currency	Nominal rate	Maturity
September 23, 2009	1,000,000	EUR	4.875%	2024
November 6, 2009	750,000	EUR	4.375%	2019
September 22, 2010	750,000	EUR	3.500%	2021
October 5, 2011	800,000	EUR	4.625%	2017
April 4, 2012	200,000	EUR	TEC 10 + 2.125%	2022
September 4, 2013	500,000	EUR	3.250%	2020
September 20, 2013	8,000,000	JPY	1.156%	2018
March 20, 2014	750,000	EUR	3.125%	2023
Total	4,814,830	(*) EUR		

(*) exchange rate used: 1 EUR = 123.40 JPY

The total drawn on the bond issues comes to 4.815 billion euros in nominal value. Of this total, 864 million euros were hedged by means of rate swaps against a variable rate in euros.

4.9.2. Bank borrowings

At December 31, 2016, this item comprised credit bank balances in the amount of 525 thousand euros.

4.9.3. Miscellaneous loans and borrowings

Loans and borrowings came to 2,115,015 thousand euros at December 31, 2016, mainly including:

- debt related to associates in the amount of 1,669 thousand euros; and
- non-trade current liabilities in the amount of 2,113,346 thousand euros. The companies concerned at December 31, 2016 were mainly:

AREVA NC	757 127	thousand euros
AREVA Mines	281 119	thousand euros
TN International	181 801	thousand euros
SET	180,030	thousand euros
AREVA Business Support	153,938	thousand euros
Sofidif	137,408	thousand euros
AREVA Nuclear Materials	99,011	thousand euros
AREVA IR	97,256	thousand euros
ETC	41,478	thousand euros
AREVA Federal Services	34,522	thousand euros

4.9.4 Unearned income

AREVA SA had unwound rate swaps that had been set up to cover bond issues (fixed rate receiver / variable rate payer). In line with market conditions, the swap terminations generated a gain recognized as unearned income, which will be spread out over the remaining period of the borrowings to reflect their effective interest rate over their term. This unearned income was transferred to New AREVA Holding as part of the partial contribution of assets.

	At December 31, 2016	At December 31, 2015
Unearned financial income	110,648	-
Total	110,648	-

4.10. Accrued expenses

<i>(in thousands of euros)</i>		Note	2016	2015
Borrowings				
Convertible bond issues				
Other bond issues	4.10.1.		71,400	
Bank borrowings				
Miscellaneous loans and borrowings				
Total borrowings			71,400	
Other liabilities				
Trade accounts payable and related accounts			6,161	4
Taxes and employee-related liabilities				
Accounts payable on non-current assets and related accounts				
Other liabilities	4.10.2.		239,790	
Total other liabilities			245,951	4
TOTAL ACCRUED EXPENSES			317,351	4

4.10.1. This item includes accrued interest on bond issues transferred to New AREVA Holding as part of the partial contribution of assets.

4.10.2. The change in other borrowings is mainly due to the revaluation of cash instruments at the closing rate and reflects the transfer of those instruments in connection with the partial asset contribution.

5. NOTES TO THE INCOME STATEMENT

5.1. Current operating income

As the New AREVA Holding company is purely a financial holding company, it does not earn revenue.

Operating expenses correspond to statutory auditor fees and legal expenses, as well as amortization of deferred charges related to the bond issues. The operating loss related to those operations totaled 1,118 thousand euros.

5.2. Net financial income

Net financial income in the amount of 103,993 thousand euros corresponds mainly to:

• net income on non-trade accounts and loans to associates	63 618	thousand euros
• net income on financial instruments	5 807	thousand euros
• interest expenses on loans	- 95 836	thousand euros
• foreign exchange gain	- 2 797	thousand euros
• reversals of provisions for investments in associates.....	141 682	thousand euros ⁽¹⁾
• reversal of provisions for loans to associates	- 1 508	thousand euros ⁽²⁾
• charges to provisions for current accounts.....	- 3 887	thousand euros ⁽²⁾
• charges to provisions for financial risk	- 2 101	thousand euros
• bond redemption premiums related to bond issues.....	- 1 631	thousand euros

(1) Mainly AREVA Mines and AREVA Business Support (see Note 1.3).

(2) Mainly AREVA Ressources Centrafrique.

5.3. Exceptional items

Exceptional items totaling 9 thousand euros correspond to the capital gain on the sale of AREVA TA shares sold by New AREVA Holding to AREVA SA.

5.4. Income tax

For 2016, the New AREVA Holding company posted a tax loss in the amount of 39,743 thousand euros. The tax expense recognized at December 31, 2016 corresponds to the loss of foreign tax credits recognized during the year amounting to 1,251 thousand euros.

6. ADDITIONAL INFORMATION

6.1. Company exposure to market risk

• General objectives

New AREVA Holding 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 Financial Operations and Treasury Management Department (DOFT) makes transactions on financial markets and acts as a central desk that provides services and manages New AREVA Holding'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 includes weekly reports submitted to the Chief Financial Officer, including a valuation of all positions at their market value. Together, these reports and reviews are used to monitor the counterparty risk.

• Foreign exchange risk management

The volatility of exchange rates may impact New AREVA Holding's currency translation adjustments, equity and income.

Balance sheet risk: Loans and borrowings granted by New AREVA Holding to its subsidiaries are systematically converted into euros through currency swaps.

To limit the currency risk for long-term investments generating future cash flows in foreign currencies, New AREVA Holding uses a liability in the same currency to offset the asset.

Trade exposure: New AREVA Holding's policy, which was approved by the Executive Committee, is to systematically hedge foreign exchange risk generated by its operations; it recommends hedging potential risks during the proposal phase, to the extent possible, to minimize the impact of exchange rate fluctuations on net income.

New AREVA Holding 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).

The Financial Operations and Treasury Management Department covers its exposures directly with its 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, 2016, derivatives used by New AREVA Holding to hedge foreign exchange risk were as follows:

(Notional amounts by maturity date at December 31, 2016)	2017	2018	2019	2020	2021	> 5 years	Total	Market value
Forward exchange transactions and currency swaps	3,917	1,557	710	256	-	-	6,441	-22
Currency options	52	-	-	-	-	-	52	-
Cross-currency swaps	63	65	317	-	-	-	445	6
TOTAL	4,033	1,622	1,028	256	-	-	6,938	-17

• Interest rate risk management

New AREVA Holding is exposed to the fluctuations of interest rates on its floating rate borrowings and on its financial investments. The Financial Operations and Treasury Management Department manages all interest rate risks.

New AREVA Holding uses several types of derivatives, as required by market conditions, to allocate its borrowings between fixed rates and floating rates and to manage its investment portfolio, with the goal being mainly to reduce its borrowing costs while optimizing the management of its cash surpluses.

At December 31, 2016, interest rate swaps were the main financial instruments used in the management of external debt. Receiver inflation rate swaps in USD were set up with banks to cover payer inflation rate swaps in USD set up with AREVA Mines.

The amount of the commitments and the sensitivity of the positions taken by the trading desk in connection with rate management are subject to limits based on the type of transaction involved.

At December 31, 2016, the following financial instruments were used to hedge interest rate exposure:

Interest rate instruments (in millions of euros)	TOTAL	Notional amounts by maturity date at December 31, 2016						Market value
		2017	2018	2019	2020	2021	> 5 years	
Interest rate swaps – EUR variable lender								
EUR fixed borrower	175	-	-	-	-	-	175	-6
Interest rate swaps – EUR variable lender								
EUR variable borrower	75	-	-	-	-	-	75	-1
CAD variable borrower	381	63	-	317	-	-	-	-1
Interest rate swaps – EUR fixed lender								
EUR variable borrower	550	-	-	50	150	150	200	43
Interest rate swaps – fixed lender – JPY								
EUR variable borrower	65	-	65	-	-	-	-	-
Inflation rate swaps – variable lender – USD								
USD fixed borrower	166	-	-	-	166	-	-	-38
GRAND TOTAL	1,411	63	65	367	316	150	450	-1

• Commodity risk

New AREVA Holding does not have significant exposure to commodities.

• Equity risk

To manage its long-term investment positions, New AREVA Holding may elect to use puts and calls backed by portfolio equities. No such transaction was pending at the end of the year.

• Counterparty risk

New AREVA Holding is exposed to the credit risk of counterparties linked to its use of derivatives to cover its risks. New AREVA Holding uses different types of derivatives to manage its exposure to foreign exchange and interest rate risks, and its exposure to risks on commodities and publicly traded equities. New AREVA Holding 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 expose New AREVA Holding to counterparty risk when the contracts are concluded over the counter.

To minimize this risk, New AREVA Holding's trading desk deals only with diversified, top quality counterparties based on their ratings in the Standard & Poor's and Moody's rating systems, with a minimum rating of Investment Grade. 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 Treasury Operations. During periods of significant financial instability that may involve an increased risk of bank default, which may be underestimated by ratings agencies, New AREVA Holding 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 New AREVA Holding's counterparty risk to a predetermined threshold: the Credit Support Annex for trades documented under an ISDA master agreement, or the Collateral Annex for trades documented under a French Banking Federation (FBF) master agreement.

- **Market value of financial instruments**

The market value of financial instruments pertaining to currency, rate and commodity transactions was calculated based on market data at the closing date, on discounted future cash flows, or on prices provided by financial institutions. The use of different market assumptions could have a significant impact on estimated market values.

- **Liquidity risk**

DOFT is in charge of liquidity risk management and provides appropriate long-term and short-term financing resources.

Cash management optimization is based on a centralized system to provide liquidity and manage cash surpluses. Management is provided by DOFT chiefly through cash-pooling agreements and intragroup loans, subject to local regulations. Cash surpluses are managed to optimize financial returns while ensuring that the financial instruments used are liquid.

6.2. Related parties

The company did not enter into significant transactions with related parties not entered into under normal market conditions, following the criteria noted below.

A transaction is deemed significant if a lack of disclosure or an erroneous disclosure may have an influence on economic decisions by third parties who rely on the financial statements. Whether a transaction is significant or not depends on the nature and/or the amount of the transaction.

Conditions may be considered "normal" when they are customarily employed by the company in its dealings with third parties, such that the beneficiary of the transaction does not receive a more favorable treatment than other third parties dealing with the company, taking into account the practices of other companies in the same sector.

6.3. Off-balance-sheet commitments

<i>(in thousands of euros)</i>	Note	Total	< 1 year	1 to 5 years	> 5 years
Commitments given					
Bid guarantees					
Performance warranties					
Down payment guarantees					
Guarantees for waivers of warranty retentions					
After-sales warranties					
Other operating commitments					
Total operating commitments given					
Comfort letters given					
Guarantees and surety		95,000	95,000		
Liens given					
Mortgages given					
Other funding guarantees					
Total commitments and collateral given on financing	6.3.1	95,000	95,000		
Guarantees of assets and liabilities					
Guarantees pertaining to rental obligations given					
Other commitments given					
Total other commitments given					
I. Total commitments given		95,000	95,000		
Commitments received					
Market guarantees received					
Vendor warranties received					
Other commitments received					
II. Total commitments received					
Reciprocal commitments					
Firm multiyear purchase commitments					
Firm multiyear sales commitments					
Unused lines of credit					
Future minimum payments on operating leases					
Other reciprocal commitments					
III. Total reciprocal commitments					

6.3.1 This is an on-demand guarantee granted to JFEI by New AREVA Holding guaranteeing commitments subscribed by AREVA NC for the acquisition by AREVA NC from JFEI of 2% of SET Holding's capital in the amount of 95,000 thousand euros.

The contribution agreement had called for the transfer of the Sponsor Guarantee Agreement signed on June 13, 2014 by AREVA SA, the sponsor, Société d'Enrichissement du Tricastin (SET), the company, and Crédit Agricole Corporate and Investment Banking, the facility agent and security agent. Without calling into question the contribution, the Board of Directors acknowledged on November 10, 2016 that the Sponsor Guarantee Agreement would be transferred by AREVA SA only on the date on which New AREVA Holding will proceed with a capital increase in the total minimum amount of 3,000,000 thousand euros.

6.4. Compensation of executive officers

Executive officers do not receive compensation directly from the company.

6.5. Disputes and potential liabilities**UraMin case**

Following the preliminary inquiry led by the French national financial prosecutor's office, two judicial inquiries against persons unknown were opened concerning the conditions of the acquisition of UraMin on the one hand, and the presentation of the company's financial statements from 2009 to 2012 following this purchase on the other hand.

In response to the subpoena received from the court in December 2015, New AREVA Holding brought an independent action for damages in connection with the investigation of the UraMin acquisition.

CFMM

A petition for arbitration was submitted to the International Chamber of Commerce on July 28, 2014 against the CFMM company by a partner, Mr. George Arthur Forrest, in which the petitioner challenges the decision of the General Meeting of Shareholders of June 24, 2013 to liquidate the ArevExplo RCA company. CFMM has submitted counterclaims in response to this petition. An arbitration court has been designated and the proceeding is expected to end with a decision in 2017.

OTHER INVESTIGATIONS

The company is also aware of the existence of other preliminary investigations in progress led by the French national financial prosecutor's office. Since these investigations are being carried out in connection with legal proceedings against parties unknown, New AREVA Holding is not currently implicated.

6.6. Subsidiaries and associates

(Article L.233-15 of the French Commercial Code)

			Equity share (in %)	Share capital	Equity other than authorized capital	Carrying amount of shares held		Unpaid loans and advances	Guarantee s given	Revenue before tax of last financial year	Income from last financial year	Dividend received
						Gross	Net					
A - Detailed financial information on subsidiaries and associates (net carrying amount exceeds 1% of the company's equity)												
1 - Subsidiaries (more than 50% of the equity held)												
AREVA Mines												
Tour AREVA - 92084 Paris La Défense Cedex – France			100.00	25,207	598,448	2,356,194	2,068,194			1,498,026	256,994	
AREVA NC												
Tour AREVA - 92084 Paris La Défense Cedex – France			100.00	100,259	-1,517,104	523,292	523,292			2,390,200	-315,093	
(1)	AREVA Nuclear Materials											
1155 F Street, DC 20004 Washington – United States			100.00	264,789	-170,820	358,391	358,391	67,409		4,123	1,966	
AREVA Business Support												
Tour AREVA - 92084 Paris La Défense Cedex – France			100.00	490	6	122,069	24,682			150,255	24,187	
AREVA Insurance & Reinsurance												
Tour AREVA - 92084 Paris La Défense Cedex – France			100.00	6,375	96,863	30,940	30,940			-	-2,320	
AREVADELFI												
Tour AREVA - 92084 Paris La Défense Cedex – France			100.00	456	-	2,534	450			-	-119	
(2)	AREVA Beijing Consulting											
Beijing International Club - Beijing - China			100.00	1,491	3,631	1,000	1,000			11,539	785	
(3)	AREVA Japan											
Urban Toranomon Bldg. - 105-0001 Tokyo - Japan			100.00	425	1,738	784	784			204	139	
(4)	AREVA India Private Ltd											
Equinox Business Park - 400070 Mumbai - India			99.99	559	462	604	604			828	494	
(5)	AREVA UK Ltd											
Berkeley Street - SW1 8DJ London - United Kingdom			100.00	584	1 708	553	553			5,166	-164	
2 - Associates (10% to 50% of the equity held)												
B. - Summary information on other subsidiaries and associates												
1 - Subsidiaries not included in section A 1												
French subsidiaries						30	18					
Foreign subsidiaries						382	382					
2 - Associates not included in section A 2												
French companies						-	-					
Foreign companies						32	32					
(1) – 1 EUR = 1.0541 USD												
(2) – 1 EUR = 7.3202 CNY												
(3) – 1 EUR = 123.40 JPY												
(4) – 1 EUR = 71.5935 INR												
(5) – 1 EUR = 0.8562 GBP												

7.3 Five-year financial summary

(in thousands of euros)

Type of indicator	2012	2013	2014	2015	2016
I - Share capital at year end					
a) Share capital	247,500	247,500	247,500	247,500	52,831
b) Number of common shares outstanding	16,500,000	16,500,000	16,500,000	16,500,000	105,661,110
c) Number of shares with preferred dividend rights	-	-	-	-	-
II - Operations and income for the year					
a) Revenue before tax	-	-	-	-	-
b) Income before tax, employee profit-sharing and amortization, depreciation and provisions (including reversals)	581	1,960	-19,903	-291	-28,885
c) Income tax	-	-2,531	-	-	-1,252
d) Employee profit-sharing for the year	-	-	-	-	-
e) Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	-130	5,442	-1,554	-137	101,633
f) Net income distributed	-	-	-	-	-(*)
III - Earnings per share (in euros)					
a) Income after tax and employee profit-sharing, before amortization, depreciation and provisions (increases-decreases)	0.04	-0.03	-1.21	-0.02	-0.29
b) Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	-0.01	0.33	-0.09	-0.01	0.96
c) Dividend per share (rounded to one eurocent)	0.00	0.00	0.00	0.00	0.00
IV - Personnel					
a) Average number of salaried employees during the year	-	-	-	-	-
b) Total payroll for the year	-	-	-	-	-
c) Payroll taxes and other benefit expenses (social security, benefits programs, etc.)	-	-	-	-	-

7.4 Subsidiaries and associates

Please refer to the table of subsidiaries and associates appearing in Note 6.6 to the corporate financial statements (Appendix 7.2 of the 2016 Annual Activity Report).

7.5 List of companies controlled indirectly

NAME OR COMPANY NAME	LEGAL FORM	AUTHORIZED CAPITAL	BUSINESS REGISTER	ADDRESS	MAJORITY SHAREHOLDER	INDIRECT FINANCIAL % OF NEW AREVA HOLDING IN THE COMPANY
Amalis (Assainissement, Maintenance, Assistance, Logistique sur Installations et Services)	Limited liability company with a Board of Directors	3,698,12	420 952 194 RCS Bourg en Bresse	Allée des Combes, Parc Industriel de la Plaine de L'Ain 01150 Blyes, France	STMI	73.86
ANC Expansion 5	Simplified joint stock company	9,000	Nanterre business register 538,613,613	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	100.00
AREVA Med SAS	Simplified joint stock company	17,055,000	Nanterre business register 444,561,625	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	100.00
AREVA NC Expansion	Simplified joint stock company	79,861,140	501 472 492 RCS Nanterre	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	CFMM	86.51
AREVA Temis	Simplified joint stock company with a sole shareholder	1,300,000	350 357 596 RCS Cherbourg	Z.A. d'Armanville 50700 Valognes, France	AREVA NC	100.00
CFM - Compagnie Française de Mokta	Limited liability company with a Board of Directors	6,630,830	Nanterre business register 552,112,716	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA Mines	100.00
CFMM - Compagnie Française de Mines et de Métaux	Simplified joint stock company with a sole shareholder	68,770,013	Nanterre business register 300,574,894	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA Mines	100.00
CNS - Compagnie Nucléaire de Services	Limited liability company with a Board of Directors	6,573,400	Nanterre business register 401,649,363	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	51.00
Eurodif	Limited liability company with a Supervisory Board	152,500,000	Nanterre business register 723,001,889	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	70.76
Eurodif Production	Limited liability company with a Board of Directors	1,525,000	307 146 472 RCS Valence	Usine Georges Besse, Site du Tricastin 26700 Pierrelatte, France	Eurodif	70.76
GIE USLH 2 - Groupement Utilité du Site de la Hague 2	Economic interest grouping	0	810 153 445 RCS Cherbourg	901 Route Départementale 50440 Herqueville, France	AREVA NC	50.00
Harfleur 2000	Limited liability company	1,099,620	438 156 069	90b allée Hubert Curien, 71200 Le Creusot, France	AREVADELFI	33.51
Lemaréchal Célestin	Simplified joint stock company	1,361,710	582 650 297 RCS Cherbourg	Rue des Entrepreneurs, ZA d'Armanville 50700 Valognes, France	TN International (AREVA TN)	100.00
Mainco - Compagnie pour la Maîtrise des Approvisionnements Industriels	Limited liability company with a Board of Directors	2,139,200	350 130 167 RCS Cherbourg	Rue des Entrepreneurs - Zone d'Activités d'Armanville 50700 Valognes, France	TN International (AREVA TN)	100.00
MSIS Assistance - Maintenance Sécurité Installation Service	Simplified joint stock company	594,750	327 492 336 RCS Evry	1 Route de la Noue, ZAC de Courcelles 91196 Gif sur Yvette, France	STMI	73.86
Polinorsud	Simplified joint stock company	506,300	343 008 231 RCS Tours	ZAC Ecopôle du Véron, Lot n° 5 37420 Avoine, France	STMI	73.86
Saint Dizier Parc Energie	Limited liability company with a Board of Directors	400,000	502 699 556 RCS Chaumont	Zone de Référence de Haute Marne 52100 Bettancourt la Ferree, France	AREVADELFI	59.95

NAME OR COMPANY NAME	LEGAL FORM	AUTHORIZED CAPITAL	BUSINESS REGISTER	ADDRESS	MAJORITY SHAREHOLDER	INDIRECT FINANCIAL % OF NEW AREVA HOLDING IN THE COMPANY
SC CREGU - Centre de Recherche sur la Géologie des Matières Premières Minérales et Énergétiques	Professional partnership	15,244.91	315 335 950 Nancy	4 rue Piroux - Immeuble Thiers - 9ème étage 54000 Nancy, France	AREVA Mines	50.10
SCI Du Pont de Celles - Société Civile Immobilière Du Pont de Celles	Property partnership	15,000	317 898 815 RCS Montpellier	41 Avenue de Fumel 34700 Lodève, France	SEPIS	100.00
SCI Socimar – SCI du Site de Marcoule	Property partnership	2,000	Nanterre business register 443,324,306	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	SEPIS	100.00
SCI Soparim	Property partnership	1,500,000	Nanterre business register 331,981,415	1 Place Jean Millier Tour Areva 92084 Paris-La Défense Cedex, France	AREVA NC	100.00
Sepis - Société d'étude de Procédés Industriels Spéciaux	Private limited liability company	7,800	Nanterre business register 310,232,889	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	100.00
SET - Société d'Enrichissement du Tricastin	Simplified joint stock company	464,590,000	Nanterre business register 440,252,666	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	SET Holding	95.00
SET Holding - Société d'Enrichissement du Tricastin Holding	Simplified joint stock company	440,087,530	Nanterre business register 503,993,149	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	95.00
SICN - Société Industrielle de Combustible Nucléaire	Simplified joint stock company with a sole shareholder	5,000,000	325 720 209 RCS Annecy	4 Rue du Radar 74000 Annecy, France	AREVA NC	100.00
SMJ - Société des Mines du Jouac	General partnership	2,361,548	Nanterre business register 303,697,924	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	CFM	100.00
Socatri - Société Auxiliaire du Tricastin	Private limited liability company	200,000	Nanterre business register 302,639,927	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	Eurodif	70.76
Sofidif - Société Franco Iranienne pour l'Enrichissement de l'Uranium par Diffusion Gazeuse	Limited liability company with a Board of Directors	20,968,750	Nanterre business register 303,587,216	1 Place Jean Millier Tour Areva 92400 Courbevoie, France	AREVA NC	60.00
Sovagic - Société pour la Valorisation et la Gestion d'Infrastructures Communes	Private limited liability company	30,500	327 194 866 RCS Cherbourg	Zone Industrielle de Digulleville – Beaumont, BP 710 50440 Digulleville, France	AREVA NC	100.00
STMI - Société des Techniques en Milieu Ionisant	Limited liability company with a Board of Directors	7,259,000	672 008 489 RCS Evry	1 Route de la Noue - Zac de Courcelles 91196 Gif sur Yvette Cedex, France	CNS	76.86
TN International (AREVA TN)	Limited liability company with a Board of Directors	30,291,000	602 039 299 RCS Versailles	1 Rue des Hérons 78180 Montigny le Bretonneux, France	AREVA NC	100.00
Trihom	Simplified joint stock company	52,566.75	378 649 040 RCS Tours	ZAC des Grands Clos 37420 Avoine, France	STMI	48.75

7.6 List of offices held and duties performed by the directors

Terms of office of Mr. François Nogué in 2016

Senior Executive Vice President of Human Resources, Communications, Property and the Work Environment

Terms of office currently held in the group

				Appointment	Last renewal	Expiration
Chairman	Executive Management	AREVA PROJECT 2	French	31/05/2016	EX	31/12/2018
Chairman	Officers	FONDATION D'ENTREPRISE AREVA	French	20/06/2016		20/06/2021
Director	Board of Directors	FONDATION D'ENTREPRISE AREVA	French	20/06/2016		20/06/2021
Director	Board of Directors	NEW AREVA HOLDING	French	03/11/2016	EX	31/12/2019
Chairman & CEO	Executive Management	NEW AREVA HOLDING	French	03/11/2016	EX	31/12/2019
Chairman	Board of Directors	NEW AREVA HOLDING	French	03/11/2016	EX	31/12/2019

Terms of office expired during the period

				Appointment	Last renewal	End of term
Chairman	Executive Management	NEW AREVA HOLDING	Français(e)	18/07/2016		03/11/2016
Director	Board	AREVA Inc.	Américain(e)	01/03/2015	19/05/2016	01/10/2016

Terms of office of Mr. Eric Chassard in 2016

Senior Executive Vice President of the AREVA Projects BU and Director of Performance

Current terms of office in the group

				Appointment	Last renewal	Expiration
Chairman	Executive Management	AREVA Projets	French	15/09/2016	EX	31/12/2017
Director	Board of Directors	NEW AREVA HOLDING	French	03/11/2016	EX	31/12/2019
Director	Board	AREVA UK LIMITED	British	04/09/2014		
Director	Board	ABC - AREVA (Beijing) Consult.	Chinese	20/03/2015		19/03/2018
Vice President	Management	RECO Ltd	Japanese	27/06/2014	EX	31/03/2016
Representative Director	Board	RECO Ltd	Japanese	04/12/2012	27/06/2014	EX 31/03/2016

Terms of office expired during the period

				Appointment	Last renewal	End of term
Director	Board	AREVA RISK MANAGEMENT Cons Ltd	British	04/09/2014		12/10/2016
Member	Directors Committee	ATMEA	French	03/06/2015		07/11/2016
Director	Board of Directors	SOFINEL	French	11/04/2014		23/06/2016
Non-partner General Mgr	General Management	TSU PROJECTS	French	20/12/2013		24/06/2016
Director	Board of Directors	WECAN	Chinese	17/10/2014		01/09/2016

Terms of office of Mr. Guillaume Dureau in 2016

Senior Executive Vice President of Customers, Strategy, Innovation and R&D

Current terms of office in the group

				Appointment	Last renewal	Expiration
Chairman	Executive Management	AREVA BUSINESS SUPPORT	French	31/05/2016	EX	31/12/2021
Director	Board of Directors	CNS	French	01/04/2015	EX	31/12/2016
Chairman & CEO	Executive Management	CNS	French	01/04/2015	EX	31/12/2016
Chairman	Board of Directors	CNS	French	01/04/2015	EX	31/12/2016
Director	Board of Directors	NEW AREVA HOLDING	French	03/11/2016	EX	31/12/2019
Standing Member	Strategy Committee	SET HOLDING	French	20/04/2015		27/06/2018
Chairman	Management Committee	AREVA NUCLEAR MATERIALS LLC	American	09/08/2016		
Officer/Director	Management Committee	AREVA NUCLEAR MATERIALS LLC	American	09/08/2016		
Director	Board	ABC - AREVA (Beijing) Consult.	Chinese	20/03/2015		19/03/2018
Chairman	Board	AREVA JAPAN CO LTD	Japanese	01/07/2016		31/03/2017
Director	Board	AREVA JAPAN CO LTD	Japanese	30/06/2016		31/03/2017

7.7 Summary of delegations of competence and authority granted to the Board of Directors by the Shareholders

The table hereunder summarizes the delegations of authority granted to the Board of Directors by the Shareholders on February 3, 2017 regarding capital increases.

Type of authorization	Date of authorization	Term / Expiration	Maximum amount (euros)
Authorization of a capital increase in the total amount of 2,500,206,062.70 euros, including share premium, by issuing 132,076,390 new ordinary shares with a par value of 0.50 euros each accompanied by a share premium of 18.43 euros per share, reserved for the French State	AGM February 3, 2017 (2 nd resolution)	18 months August 3, 2018	2,500,206,062.70
Authorization of a capital increase in the total amount of 250,020,606.27 euros, including share premium, by issuing 13,207,639 new ordinary shares with a par value of 0.50 euros each accompanied by a share premium of 18.43 euros per share, reserved for JNFL and/or any associate of JNFL, defined as any entity controlled by JNFL under the meaning of article L. 233-3 of the French Commercial Code.	AGM February 3, 2017 (4 th resolution)	18 months August 3, 2018	250,020,606.27
Authorization of a capital increase in the total amount of 250,020,606.27 euros, including share premium, by issuing 13,207,639 new ordinary shares with a par value of 0.50 euros each accompanied by a share premium of 18.43 euros per share, reserved for MHI and/or any associate of MHI, defined as any entity controlled by MHI under the meaning of article L. 233-3 of the French Commercial Code.	AGM February 3, 2017 (6 th resolution)	18 months August 3, 2018	250,020,606.27

No valid delegation of competence exists which would have been granted by the General Meeting of Shareholders to the Board of Directors as regards a capital increase pursuant to article L. 225-129-2 of the French Commercial Code.

7.8 Report of the Board of Directors on the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up total compensation and benefits of any kind attributable to the executive directors of the company, pursuant to article L. 225-37-2 of the French Commercial Code

REPORT OF THE BOARD OF DIRECTORS
ON THE COMPENSATION OF EXECUTIVE OFFICERS
TO THE COMBINED GENERAL MEETING OF JUNE 22, 2017

Dear Shareholders,

The Combined General Meeting of Shareholders of New AREVA Holding (“**New AREVA Holding**” or “**the Company**”) was convened by the Board of Directors at the Company’s registered office.

In this report, pursuant to article L. 225-37-2 of the Commercial Code arising from law no. 2016-1691 of December 9, 2016 related to transparency, the fight against corruption and the modernization of economic life, known as the “Sapin 2 Law”, we present the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up total compensation and benefits of any kind attributable to New AREVA Holding's executive officers.

As preliminary comments, it should be noted that:

- from January 1 to November 3, 2016, the Company had formed a simplified joint-stock company and that, by a decision of the partners dated November 3, 2016, the Company was converted into a limited liability company with a Board of Directors;
- within the context of the implementation of the AREVA group’s restructuring plan, the AREVA SA company contributed all of its assets and liabilities related to the nuclear fuel operations to the Company, as referred to in the agreement for partial contribution of assets signed on August 30, 2016, including in particular its bond debt maturing in 2017. This contribution was executed on November 10, 2016;
- as this contribution includes bonds admitted for trading on a regulated market, the Company, in its capacity as an issuer of securities, is henceforth subject to the provisions of article L. 225-37-2 of the Commercial Code, which provides that the amounts resulting from the implementation of the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up total compensation and benefits of any kind attributable to AREVA's executive officers be submitted to the approval of the shareholders during the meeting convened to approve the financial statements for the year ending December 31, 2017; and
- pending the completion of the capital increase reserved for the State as described in paragraph 1.1 of the Company’s annual activity report, simplified governance of a transitional nature has been set up for New AREVA Holding.

In that context, New AREVA Holding adhered during the year to the principles and criteria established by its parent company AREVA SA regarding compensation, inasmuch as they apply to it.

1. General principles of the compensation policy applicable to executive officers

As the Board of Directors has opted to combine the duties of Chairman of the Board of Directors and of Chief Executive Officer, the Company has only one executive officer in the person of the Chairman and Chief Executive Officer.

The compensation policy defined by the Board of Directors for executive officers corresponds to the

Appendix_7.8_NAH_AAR_Report on the compensation of executive managers

applicable customs and practices regarding compensation policy in the subsidiaries of the AREVA group, of which the Company is a member.

The Board of Directors adapts the compensation policy to the firm's strategy, situation and shareholding structure.

To serve these objectives effectively, the Board of Directors determines in detail and moderates the different components of executive officer compensation.

2. Principles and criteria for determining, distributing and allocating the different components of compensation currently provided by type of duties

As indicated in paragraph 1 above, the Board of Directors opted on November 10, 2016 to combine the duties of Chairman of the Board of Directors and of Chief Executive Officer.

Fixed, variable and exceptional compensation and attendance fees

The Chairman and Chief Executive Officer does not receive compensation for his duties in New AREVA Holding.

Non-cash benefits

The Chairman and Chief Executive Officer does not receive non-cash benefits for his duties in New AREVA Holding.

Long-term compensation: free share allocation and allocation of share options

The allocation of performance shares or share options to executive officers is not allowed.

Severance payments

The Chairman and Chief Executive Officer is not entitled to a severance payment should his duties in New AREVA Holding cease.

Other

The Chairman and Chief Executive Officer is not entitled to unemployment insurance or to the supplemental retirement plan applicable to management employees of the Company for his duties in New AREVA Holding.

As a consequence of the foregoing, we invite you to approve the compensation policy concerning the Chairman and Chief Executive Officer as presented in this report.

Courbevoie
April 28, 2017
The Board of Directors

7.9 Social, environmental and societal responsibility report (CSR)

NEW AREVA

SOCIAL ENVIRONMENTAL AND SOCIETAL RESPONSABILITY REPORT (CSR)

The commitments of the New AREVA group constituted by New AREVA Holding and the companies within its consolidation scope ("**New AREVA**") are deployed through policies implemented by AREVA SA in various fields – human resources, diversity, nuclear safety, health, occupational safety and the environment – and in the AREVA SA Code of Ethics. It should be noted that, as the New AREVA group is controlled by AREVA SA, all of the companies comprising the group are subject to the rules and procedures set up by the AREVA group regarding compliance and professional ethics. Furthermore, as part of its corporate development plan, New AREVA has defined the values which should be embodied by all of its employees. Among these values, integrity governs AREVA SA's practices and decisions in all circumstances. These different policies and codes help organize the company's operations in compliance with human rights and in the interest of environmental protection and the laws that govern them. New AREVA's efforts target continuous performance improvement in every field, particularly nuclear and occupational safety, and take into consideration the expectations of stakeholders directly or indirectly concerned by the group's operations.

New AREVA is also continuing its proactive continuous improvement initiative in the mining sector based on best international practices for corporate social responsibility, in particular through the International Council on Mining and Metals (ICMM).

1. LABOR INFORMATION

1.1. LABOR INFORMATION CONCERNING EMPLOYMENT, WORK ORGANIZATION, LABOR RELATIONS, TRAINING, EQUAL TREATMENT, PROMOTION AND COMPLIANCE WITH THE STIPULATIONS OF THE FUNDAMENTAL AGREEMENTS OF THE INTERNATIONAL LABOR ORGANIZATION

The year of 2016 saw the implementation of the performance plan, comprising in particular a section related to workforce reduction, and the transformation of the AREVA group, organized since July 1, 2016 into two separate entities, AREVA NP (reactors and fuel operations) and New AREVA (fuel cycle operations). These two important milestones were grounded in thorough social dialogue with the representatives of company personnel to determine the terms of support for the group's strategic and organizational changes.

1.1.1. EMPLOYMENT

Total workforce and distribution by gender, age and region

The New AREVA group had 18,341¹ employees at December 31, 2016, compared with 19,179 at the end of December 2015 for an equivalent scope of consolidation, excluding sales of subsidiaries carried out in 2016.

Employees by business within the group's consolidation scope	2016	2015
Mining	3,449	3,536
Chemistry - Enrichment	2,807	3,012
Recycling	5,237	5,418
Dismantling and Services	4,517	4,408
Logistics	1,161	1,197

¹ Including pro-rata recognition of the percentage interest of joint ventures not constituted in Canada.

Corporate and other cross-business functions	1,170	1,608
TOTAL	18,341	19,179

Close to 98% of the group's workforce was divided among five countries: France, Kazakhstan, Niger, the USA and Canada.

Engineers and managers represent approximately one fourth of the workforce (25.7%), while technical and administrative personnel account for a little more than half (54.1%). Skilled workers represented 20.2% of the workforce at December 31, 2016. Worldwide, women represented 26.6% of the engineers and managers at the end of December 2016.

Employees by gender*	2016	2015
Women (worldwide)	20.2%	21.0%
Men (worldwide)	79.8%	79.0%
Women in executive positions	11%	18%
Women in governance bodies (Boards of Directors)	37%	31.5%
Women in management positions	26.6%	27.8%
Women in non-management positions	18.0%	18.4%
Employees by age group*		
Below age 21	0%	0%
Ages 21 to 30	12.7%	10.6%
Ages 31 to 40	27.7%	26.4%
Ages 41 to 50	27.3%	26.7%
Ages 51 to 60	30.0%	31.8%
Above age 60	2.3%	4.5%
Employees by region*		
France	76.4%	77.3%
Asia-Pacific	9.2%	8.7%
North and South America	7.1%	6.8%
Africa and Middle East	6.6%	6.5%
Europe (excluding France)	0.7%	0.7%
Employees by occupational category*		
Engineers and management staff	25.7%	27.5%
Technical and administrative personnel	54.1%	53.9%
Skilled workers	20.2%	18.6%

* Percentage calculated based on employees working under open-ended employment contracts.

1.1.2. HIRES AND REDUNDANCIES

In France and excluding asset disposals, the workforce decreased by 750 employees in 2016. This reduction was made possible mainly by the roll-out of five Voluntary Departure Plans over a footprint representing 70% of the national workforce (AREVA NC, AREVA Business Support, AREVA Mines, SET and Eurodif Production).

The pace of hiring was also very moderate (729 open-ended employment contracts, including 515 in France, highly concentrated in the Dismantling and Services operations, with 442 hires), 113 redundancies having also occurred. The workforce stabilized at 18,341 employees (including the share from joint ventures not constituted in Canada) at the end of 2016.

Intent on securing its skills, the group nonetheless maintained a work-study program in France from March to May 2016, allowing more than 575 work-study positions in France to be maintained (average annual positions).

	2016 *
Number of external hires (total external hires under open-ended and fixed-term employment contracts)	1,234
Number of redundancies	148
* Excluding asset disposals.	

Five Voluntary Departure Plans in France

Under the Voluntary Departure Plan measures, 1,099 departures were recorded, 62% of which occurred under various retirement or early retirement formulas and close to 38% of which were from attrition.

In support of the legal procedures, job cuts were defined by company, by site and by occupational category. Eligibility for departure was then determined based on a grid of more than 250 occupational categories. Under the employment pacts, proposed voluntary departures may be opposed based on the protection of “critical skills”. In this regard, all workforce movements (age-related retirement, mobility, attrition) have been monitored at the corporate level across the entire scope of the plans in order to regulate departures in line with specific targets, to prevent the risk of the understaffing of critical skills in each business, and to offer preventive training and employment programs:

- Experience interviews by the direct manager are systematically conducted for any voluntary departure: The purpose of this interview is to identify the employee’s critical skills, to establish an action plan and a schedule for harvesting those skills or ensuring their transmission to others (beneficiary, methods, etc.), and to assess the skills transfer results.
- Systems to transfer skills for older employees planning to leave the company:
 - in the form of a reminder in the company up to a maximum of 40 working days prior to departure (transfers of technical expertise, transmission of “job practices”, etc.);
 - in the form of a 6-month period before the work dispensation phase devoted to skills transfer based on an analysis and a schedule drawn up with the supervisor.

In addition, within the consolidation scope of New AREVA’s companies, nearly 450 non-VDP departures have been recorded since August 30, 2015, chiefly for conventional early retirement in some companies, for resignations, or for retirement before the voluntary departure plans started.

Moreover, several hundred internal mobility assignments were attributable both to the roll-out of the new organizations and to the redeployment of personnel during departures recorded per occupational category of the VDPs.

Kick-off in May 2016 of a steering program for “critical skills”

The risks inherent in the group’s demerger and in the implementation of the performance plan have made it necessary to fine-tune the management of discipline know-how and skills within the group. It was decided to kick off a managerial initiative to steer critical skills built around:

- a project manager with a network of discipline/business unit coordinators in the group’s three major categories of technical disciplines: Engineering, Production and Services;
- a new inventory of critical skills and the resources concerned after the final impact of the VDPs, with the involvement of the field managers;
- rapid roll-out of best practices inspired by the field and external benchmarks, with a view in particular to the principle of the annual skills review;
- inclusion of skills goals in the annual corporate management cycle (strategic action plans and annual budget) for full managerial control.

A preliminary analysis was carried out by the Key Discipline Leaders, drawing on a network of specialized coordinators across all business units. Eight critical disciplines were identified in this way, and specific action plans for them for 2017 were developed. The action plans generally include a highly targeted recruitment component, a professional

training component, and a “career path” component (Nuclear Safety, Project Management, Operations, etc.) aimed at accelerating the acquisition of skills in the nuclear disciplines.

1.1.3. COMPENSATION AND TRENDS

The compensation policy under which employees around the world are paid rests on four pillars: compensate performance, be consistent with the budget, be equitable internally and heed the competitiveness of other companies while taking into account the group’s economic and financial situation.

In France, total compensation is broken down into:

- Fixed compensation: base salary, seniority benefits, etc.;
- Variable compensation: whether job-specific (hardship allowances, on-call pay, etc.) or based on individual performance (bonus/variable component or allowance) or collective performance;
- Benefits: health and insurance benefits that are identical for all companies in France;
- Mandatory and optional profit-sharing: based on criteria for rewarding collective performance.

Compensation is based on industry agreements and collective bargaining agreements. Every year, the budget for wage increases is negotiated with the trade unions. Considering its economic results, the group decided to eliminate salary reviews in most countries for 2016, but provided a budget in those countries devoted to internal mobility and professional promotion.

Bonuses and variable compensation

The group’s variable compensation program, based on both collective financial performance and individual objectives, is gradually being brought into alignment and expanded to include all of the group’s entities around the world. The target percentages for variable compensation depend on local practices and are structured by level of responsibility.

In view of the group’s financial and economic situation, the policy for the variable component was adjusted for the collective component and guidelines were given for the individual component as a reminder of the importance of the employee’s performance level in his/her evaluation.

An HR information system tool interfaced with the annual performance interview is used to collect individual objectives. It is used by the majority of the group’s entities in Canada, China, France, Germany, the United Kingdom and the United States.

Employee savings plans and collective performance

The group establishes collective compensation systems based on economic indicators and entity-specific criteria, according to local practices and legislation.

In France, compensation based on collective performance takes the form of optional profit-sharing agreements and of mandatory profit-sharing plans applicable to the group’s companies. The sums distributed in 2016 for 2015 represented a total of close to 34 million euros for all of the companies in the New AREVA footprint. Employees chose to invest 72% of the optional profit-sharing and 76% of the mandatory profit-sharing paid in 2016 in the group savings plan of AREVA SA.

In addition, in view of the group’s difficult financial situation, several companies have decided to cap optional profit-sharing at 4% of payroll as from 2016. Additionally, a trigger for calculating optional profit-sharing based on a financial criterion was set up.

Corporate savings plan and investment vehicles

In France, a group savings plan (AREVA GSP) common to all of the companies in the AREVA SA group, including New AREVA Holding, was created in 2005. The AREVA GSP consists of a complete range of funds covering all asset categories. It includes a money market fund, a bond fund, an equity fund, a social responsibility fund and three

diversified funds. A diversified pool of fund managers was sought to optimize investor returns. New AREVA Holding's share of funds outstanding in the AREVA GSP represented more than 424 million euros at December 31, 2016.

In the United States, a 401(K) retirement plan allows employees to voluntarily save for their retirement. AREVA's contribution to the plan comes to 3% of each employee's salary. The company also matches 100% of the employee's contributions for the first 5 percentage points of the employee's contributions. The average amount saved by an employee is 10.5% of his/her base salary.

1.1.4. WORK ORGANIZATION

Organization of working hours

In countries in which the group is based, the average number of working hours per week is generally set by law.

France and Germany in particular set up initiatives for a better balance between work and personal life by offering flexible work hours at the site or work at home.

For example:

- in France, on July 4, 2013, AREVA SA signed a telecommuting addendum to the group's agreement on the Quality of Working Life of May 31, 2012. This addendum regulates the use of telecommuting while promoting a better balance between work and personal life. It helps improve the quality of working life and keeps disabled employees at work or in therapeutic part-time. At the end of 2016, almost 280 New AREVA employees from all of the group's sites benefited from this new work organization.
- In the United Kingdom, full-time employees work an average of 37 hours per week. Overtime is not paid. New AREVA authorizes telecommuting in exceptional circumstances. This working-hour arrangement is possible under certain conditions for employees who have completed their trial period.
- In China, the standard work schedule is 8 hours per day, 40 hours per week.

Absenteeism

The method for collecting and calculating absenteeism data has been in place since 2013. It covers the group's largest footprints, representing 96% of New AREVA's global workforce².

Average number of calendar days per year of absence for illness or a child's illness, per employee with an active open-ended employment contract	2016	2015
France	9.8	9.3
Rest of World	3.3	3.2

² Calculation rule: the average number of calendar days of absence per year due to sickness (including pathological pregnancy and therapeutic part-time, but excluding maternity leave and occupational injuries or commuting accidents) or to care for a sick child, per permanent employee. The definitions reflect the variety of local practices.

1.1.5. LABOR RELATIONS

Organization of social dialogue, in particular procedures for informing, consulting with and negotiating with personnel

The New AREVA group's social relations are founded on mutual respect and dialogue. They take into account the requirement for competitiveness, performance improvement and the well-being of employees. In that spirit, management and the labor partners met have regularly since the month of June 2016:

- in the context of consultation procedures concerning the creation of the New AREVA group;
- in connection with information / consultation procedures on the capital increases of New AREVA Holding and AREVA SA;
- to plan for the establishment of social dialogue within the scope of New AREVA by proposing the signature of four agreements to the trade unions on the creation of corporate union coordinators, the establishment of a group committee, the establishment of a group health, safety and working conditions committee (CHSCT), and the definition of union resources;
- to plan for the negotiations in early 2017 on the working hours of managers, on jobs, and on skills management and wages;
- to negotiate the end of funding for retiree mutual insurance in the AREVA NC and AREVA Mines companies;
- to create an Economic and Social Unit (UES) between AREVA Business Support, New AREVA Holding and AREVA SA and set up a single representation body (IRU) for that scope.

1.1.6. HEALTH AND SAFETY

Health and occupational safety conditions

See paragraph 1.2 below.

Historical health data

See paragraph 1.2 below.

In France, AREVA SA signed an agreement on the development of the Quality of Working Life on May 31, 2012. Follow-up of that agreement is provided jointly by the Safety-Health-Security-Quality-Environment Department and the Human Resources Department of New AREVA. Status of agreements on health and occupational safety signed with labor unions or employee representatives

New AREVA through a quarterly meeting of a Steering Committee on the prevention of occupational stress and the quality of work life. During the Committee's confidential meetings with coordinating physicians of the group's four regions in France, occupational stress prevention and measures taken by the sites in France are discussed in qualitative terms, and the robustness and relevance of the group's Quality of Working Life initiatives are reviewed in order to support and measure the occupational stress prevention policy. This agreement was renewed on April 2, 2015.

As part of its occupational stress prevention policy, the group set up 35 programs to listen to and counsel all of its employees in France and performed 23 surveys in France covering close to 80% of the workforce, enabling it to identify risk factors and propose occupational stress prevention actions.

Also, since 2010, the group has provided occupational stress prevention training to 267 members of Management Committees and to more than 1,000 line managers. Special training for the Human Resources function and the members of Health, Safety and Working Conditions Committee (CHSCT) was deployed over the year, and close to 150 people were trained in 2015 and 2016.

As part of the deployment of the Quality of Working Life agreement, a chart on the "human impacts of change and reorganizations" was established. Since September 2012, it has been used more than 130 times in connection with various projects (Convergence, Tricastin Platform, Shared Service Centers). As part of AREVA's transformation plan, 60 charts were integrated into the notes of the Health, Safety and Working Conditions Committee (CHSCT) of the

companies of the group concerned by the Voluntary Department Plans. At the same time, various occupational stress prevention tools rolled out in the group since 2009 were strengthened and supplemented to better respond to the challenges of the performance plan.

In the United States, several programs were set up to ensure that the work environment is respectful of employees' personal and family commitments. This is the case, for example, with different forms of part time work (alternative classifications), telecommuting, flex schedules, and vacation arrangements (compensated time off and unpaid leave).

The Employee Assistance Program (EAP) provides support to employees in all matters related to work-life balance. In that same spirit, an Employee Concerns Program (ECP) dedicated to the quality of working life was deployed to prevent and fight discrimination.

Employees are invited to answer questionnaires about their overall health and well-being and to identify their problems. Support programs designed to improve their situation are set up as appropriate and are followed up.

Frequency and severity rates of occupational injuries and accounting of occupational diseases

See paragraph 1.2 below.

1.1.7. TRAINING

Training policies

In France, the Training Department is organized into three Jobs-Training Shared Services Centers (Cotentin, Ile-de-France and Southeast). All of them share the same system of management and operation. The Jobs-Training Department is strengthening its priority lines of action with the development of employee certification programs and widespread roll-out of digital training for the most recurrent training in the entity training plans.

In the United States, a training governance infrastructure was established. A partnership between the management of North American training and the business units of the region has been set up. The members of the Training Governance Committee are managers and individual contributors representing each of the business units. Decisions concerning training and development are made in a collegial manner by the managers and individual contributors, who possess the expertise and knowledge necessary to achieve the objectives for the various professions.

In China, an annual training plan is drawn up as a function of the employee's expectations of development and in agreement with the managerial objectives discussed during the development interviews. AREVA University programs, such as the Sales Academy and leadership training, are also deployed in China.

Total hours of training

In France, 450,000 hours of training were dispensed in 2016, giving an average of 33.7 hours of training per employee.

Number of hours of training per permanent employee per year	2016	2015
France	33.7	31

1.1.8. EQUAL TREATMENT

In France, an audit was carried out in the first quarter of 2014 for the renewal of AREVA SA's Diversity Label. The certification was confirmed on July 6, 2014 and is valid for a four-year period. In particular, the auditors validated the sustainability and maturity of AREVA's approach to diversity and appreciated its evolutionary nature and its alignment with changes in the group. The follow-up audit scheduled for mid-2016 was postponed to mid-2017 due to the transformation plan. At that time, it will be carried out for the New AREVA scope.

In the United States, AREVA is recognized as an Equal Opportunity Employer (EOE) by the U.S. Equal Employment Opportunity Commission. It expresses its commitment to minorities, women, seniors, veterans and people with disabilities through various measures, such as partnerships with subcontractors committed to diversity, membership in Direct Employers (an employment agency dedicated to helping recruit minorities, women, veterans and persons with disabilities), and participation in training and employment initiatives.

In France, the equal opportunity policy implemented since AREVA SA's creation in 2001 is founded on the European Agreement on Equal Opportunities signed in November 2006 with the European Metalworkers' Federation and its 2010 amendment.

This policy translated into the signature in 2012 and 2013 of group agreements on the development of the Quality of Working Life, on gender equality, on the integration of persons with disabilities and on "generation" contracts. The group agreement on gender equality was renewed on June 28, 2016.

Measures in favor of gender equality

In France, AREVA SA signed its first group agreement in favor of gender equality on December 12, 2012. This three-year agreement addresses all of the themes covered by the French law of November 9, 2010: promoting gender equality in hiring and employment, guaranteeing equivalent career paths to men and women, guaranteeing equivalent compensation and promotions, ensuring equal access to training, improving work-life balance, increasing employee awareness, and communicating with employees.

The agreement provides for an equal opportunity budget at AREVA SA used to offset unjustified compensation gaps at equal levels of responsibility. During the three-year term of the agreement, close to 1.5 million euros was devoted to the reduction of these unjustified gaps, readjusting the compensation levels of 1,900 people. The agreement allows employees on parental leave to contribute to their retirement.

New AREVA sets a particularly high value on women's career development. In addition to having women join their teams, New AREVA takes care to ensure their fair promotion for equivalent skills throughout their careers. At the end of 2016, women represented 19% of all hires and 29% of the hires for management positions; women represented 20% of the total workforce and 27% of its managers. Women make up 21% of the Management Committees of the business units and support functions.

Measures in favor of the employment and inclusion of persons with disabilities

Since 2006, AREVA SA has led a group policy in favor of building all talents and of openness to difference in the workplace.

In France, this proactive policy led to an employment rate of 5.24% in 2016 within the New AREVA scope.

A third group agreement for France on the employment of persons with disabilities was signed for the AREVA SA footprint on July 4, 2013 for the 2013-2016 period. It addresses the hiring, integration and training of persons with disabilities; support to companies in the protected and adapted sector; awareness activities; and job retention.

The principal commitments made for the duration of the agreement are a disabled worker hiring target of 3.3% of all new hires, with a minimum of 120 disabled persons employed, 120 work-study positions for the disabled, and 180 internship positions over the term of the agreement, and 20 million euros dedicated to purchases from companies in the protected sector.

The fight against discrimination

Employees have multiple paths of recourse in connection with the group's anti-discrimination measures. They may contact their local HR manager, their manager, the compliance director or the labor partners. In France, an additional recourse was established: the Alert and Claim System. In France, for all systems combined, management was alerted to eight instances of discrimination or alleged discriminatory behaviors. Two cases proved justified after examination. Corrective measures have been taken.

In general, HR processes concern the diversity policy as a whole and particularly verification that managerial decisions affecting employees are made according to the principle of equal opportunity.

1.1.9. PROMOTION AND COMPLIANCE WITH THE STIPULATIONS OF FUNDAMENTAL AGREEMENTS OF THE INTERNATIONAL LABOR ORGANIZATION

In accordance with its Code of Ethics, AREVA SA has and implements a process of ethics and respect for human rights and the fundamental conventions of the International Labor Organization (ILO). The Code of Ethics is updated

regularly to include best practices in light of changes in the group's national and international environment. Individual behaviors and management activities may be audited for compliance with the Code, which serves as a set of standards and a code of conduct in this regard.

AREVA SA's Code of Ethics reiterates that the group is a signatory to the United Nation's Global Compact. It also adheres to the Guiding Principles for Multinational Businesses of the Organization for Economic Cooperation and Development (OECD) and to the Extractive Industries Transparency Initiative (EITI).

Respect for the freedom of association and the right to collective bargaining

Adhering to the principles of the United Nations Global Compact, New AREVA is committed to "respect the freedom of association and to recognize the right of collective bargaining."

Elimination of discrimination related to employment and occupation

New AREVA's action principles for stakeholder relations state, as regards employees, that "AREVA's workforce is constituted without discrimination". To facilitate the reporting of any discrimination and to comply with the obligations conferred by the Diversity Label, New AREVA's Human Resources Department deployed an Alert and Claim System in France. This system supplements other internal corporate systems to report actual or alleged discrimination in the group. It follows rules and a process developed in concert with the group's Director of Compliance and is the subject of authorization by the National Commission on Informatics and Liberty (CNIL).

Elimination of forced or compulsory labor

In accordance with the principles of the UN Global Compact, New AREVA works for "the elimination of all forms of forced or compulsory labor."

Effective abolition of child labor

In accordance with the principles of the UN Global Compact, New AREVA works for "the effective abolition of child labor."

By explicitly reiterating these tenets, New AREVA underscores its commitment to these international values and principles, which every employee is expected to uphold. AREVA SA's rules of conduct, with which New AREVA complies, state that each employee must alert the group in full confidentiality and may refrain from executing any instruction in patent conflict with the Code of Ethics, without any risk of retaliation when acting in good faith. By itself, this commitment is a major guarantee of compliance with the principles and rules of AREVA SA's Code of Ethics.

1.2. OCCUPATIONAL HEALTH AND SAFETY

The occupational health and safety policy aims for continuous improvement of occupational health and safety and reinforcement of prevention actions. Our constant goal is to strive for zero lost time injuries and zero impacts from our operations on the health and safety of our employees, subcontractor personnel and the local communities near our sites. New AREVA's commitments are to:

- ensure appropriate monitoring of occupational health for all employees by defining and applying international medical standards for medical surveillance of occupational hazards, by strengthening governance, by giving increased attention to the quality of working life, especially as concerns the prevention of occupational stress, by deploying the group's occupational health service in France, and by including specific issues associated with expatriation in the medical follow-up of employees;
- in the field of occupational safety, prevent and manage all industrial risks associated with our operations for employees and subcontractor personnel.

The functioning of the group's Occupational Health Service has reached maturity. The first lessons learned have been harvested, in particular by adjusting the supervisory grid. These decisions were made within the framework of the

governance of the Health Service (National Commission for Follow-up and Control and Standing National Committee on Occupational Health).

The status of medical resources continues to be an area of attention in view of the shortage of occupational physicians in France. The group's medical service played a key role by lessening the difficulties encountered at certain sites.

In 2016, the initiative concerning difficult working conditions was broadened with the addition of six more factors, for a total of ten difficult working conditions eligible for access to training and flexible work hours for the employees concerned. This initiative is the subject of a concerted multidisciplinary process among the group's prevention specialists, lawyers and human resources departments, as well as dedicated consensus-building with our labor partners, senior management, corporate departments and business units.

A number of joint working groups have been set up to work with the company's labor partners (Health and Safety of Working Conditions Committee [CHSCT]). Among other things, the subjects reviewed include employee exposure to certain risks and the management of personal protective equipment. These working groups seek to identify and share best practices in this field. The results of this work are incorporated into the group's guidelines and procedures, deepening our safety culture and helping to improve both working conditions and occupational risk prevention.

The group will roll out its new proactive triennial health, safety and radiation protection policy in 2017 to further reduce its lost-time injuries by 2020. The stated goal is to reduce the lost-time injury rate for New AREVA employees from 2.62 to a sustainable 1. The prevention of occupational stress is integral to this initiative.

New AREVA regrettably reported one fatal industrial accident in 2016. The accident occurred when a pedestrian was hit by a mining vehicle at the Cominak site in Niger (Mining Business Unit). The victim is an employee of the New AREVA group. The accident was reviewed in detail locally over a six-month period, with support from the group's corporate offices (Mining Department, Occupational Safety Department, etc.). Two separate working groups were formed locally and conducted their reviews and investigations separately. The two reviews were combined to report on the root causes of the accident to the group and devise a suitable action plan to prevent the recurrence of this type of event.

OCCUPATIONAL HEALTH AND SAFETY DATA

Occupational safety data	2016
Accident frequency rate with lost time (excluding commuting accidents)	2.62
Accident severity rate (accidents reported during the year, excluding commuting accidents)	0.07
Number of fatal accidents	1

The risks associated with radiation and New AREVA's proactive radiation protection policy are outlined in Section 1.7.3.1. of the annual activity report on nuclear risk. The average radiation exposure of New AREVA employees over 12 consecutive months remained very low, at 0.94 mSv in mid-2016, around the same level as the maximum dose limit for the general public.

Consistent with the group's objective, no New AREVA employee received an individual dose of more than 20 mSv over 12 consecutive months. In mid-2016, the maximum individual dose recorded over 12 consecutive months was 16.33 mSv.

Radiation protection and occupational disease* data	2016
Average employee dose from radiation exposure over 12 consecutive months (mSv)	0.94
Total individual external dose to New AREVA employees over 12 consecutive months (man-millisievert)	9,430
Total individual internal dose to New AREVA employees over 12 consecutive months (man-millisievert)	3,422
Average subcontractor dose from radiation exposure over 12 consecutive months (mSv)	0.46
Occupational diseases	9

* Due to the time needed to get the results of passive dosimetry analyses (also called benchmark dosimetry) and the annual schedule for rolling up these data in the group's reporting software, the annual results are always expressed from July 1 of year -2 to June 30 of year -1.

New AREVA received a limited number of claims for occupational diseases concerning various disorders in 2016, in particular for musculoskeletal disorders.

2. ENVIRONMENTAL INFORMATION

2.1. GENERAL ENVIRONMENTAL POLICY

2.1.1. NEW AREVA'S ENVIRONMENTAL POLICY

The environmental policy aims for the reinforcement of environmental risk prevention, whether risks are chronic or accidental, and to take into account the erosion of biodiversity. Protection of the environment as a community asset is integral to AREVA SA's Code of Ethics, with which New AREVA complies.

The six major commitments of the group's environmental policy are organized along three main lines:

Performance in managing environmental challenges

1. Develop and maintain a shared culture of environmental risk prevention;
2. Improve facility design by taking their entire lifecycle into account;

Preventing and managing accident-related environmental hazards

3. Strengthen the prevention and management of accidental technological risks;
4. Prevent risks related to facility aging and accidental spills;

Preventing and managing chronic health and environmental hazards

5. Strengthen the prevention and management of chronic health hazards;
6. Control the environmental footprint of activities to prevent damage to biodiversity.

The quantification of environmental objectives is adjusted based on ongoing risk mapping efforts, stakeholder expectations, best internal and external practices, environmental reporting, an external benchmark, and dialogue with the operating entities. The environmental policy applies to all of the group's entities in France and abroad. The operating entities implement the policy through action plans.

A new policy incorporating all safety and environmental challenges will cover the 2017-2020 period.

2.1.2. ORGANIZATION SET UP FOR ENVIRONMENTAL RISK PREVENTION AND CONTROL

The corporate Health, Safety and Environment Department (HSE Department) spearheads a number of areas on behalf of Senior Management:

- the safety of the group's nuclear facilities (INB, ICPE, Mines) and of related activities (design, operation, dismantling, transportation, services) carried out for the group or for its customers;
- radiation protection in the group's facilities and for all of the group's service operations;
- the occupational health and safety of all of the employees of the group and of its subcontractors;
- industrial and environmental risk prevention in the group's facilities (INB, ICPE, Mines), and more generally the management of sustainable development actions;
- the management of critical events, emergencies and crisis situations.

The HSE Department draws on specific organizations within the business units, the operating entities and the regions to carry out its duties. The role of this network of experts is to participate actively in lobbying activities and regulatory monitoring, and to provide assistance to line managers for the implementation of their HSE performance plans.

On executive management's behalf, a General Inspectorate composed of a corps of inspectors who are independent of the chain of command is in charge of auditing the correct assumption of responsibilities, detecting early signs of

potential deterioration, and recommending the necessary improvements. It puts out an annual report on the status of safety in the group's nuclear facilities and operations.

The lessons learned from events in the nuclear safety, radiation protection, health, occupational safety, environment and transportation fields are available in the AHEAD IT tool (AREVA Happened Events Advanced Database), enabling experience to be shared. This tool can be accessed by all of the operating entities.

Through its specialists and their networks, the department disseminates information related to accomplishments, best practices and events in order to prevent risk and promote performance improvement.

NUMBER OF EVENTS IN 2016 RANKED ON THE INES SCALE³ IN THE GROUP'S NUCLEAR ENTITIES (OWNER-OPERATORS, CONTRACT OPERATORS AND SERVICE PROVIDERS) OR DURING THE SHIPMENT OF RADIOACTIVE MATERIALS

	<i>Level 0</i>	<i>Level 1</i>	<i>Level 2</i>
<i>2016</i>	<i>110</i>	<i>14</i>	<i>0</i>

Health, Safety and Environment training

With the Safety Excellence program, a professional development program for managers with operational delegation of authority was established. The program is based in particular on assessments of skills in nuclear safety, radiation protection, materials transportation, materials safeguards, industrial safety, protection of nature and the environment, and occupational health and safety, and on a corpus of mandatory training programs. It is intended for site directors; duty officers; facility managers; health, safety and environment managers (HSE); and project managers at New AREVA's industrial sites.

For site directors, the program includes a module devoted to HSE management.

A Health, Safety and Environment training program is offered to facility managers; it consists of two modules and work in small groups on operating practices.

In addition to the training required by regulation and training programs on risk and safety culture given at the operator and site level, the group has defined and offers training programs on nuclear safety, human and organizational factors (HOF), significant event analysis, and occupational safety for target groups.

Employee information

New AREVA communicates regularly with its employees on HSE subjects to give them information on policies, applicable benchmark documents, the sharing of best practices from operating experience, and risk prevention actions. This information is communicated via email and on the intranet, and through regular network information meetings.

Information on New AREVA's commitments in favor of the circular economy

A defining feature of New AREVA is its development of a pioneering, competitive position in the circular economy through its fuel cycle operations. Its industrial tools in the back end of the cycle enable it to recycle energy recovered from the plutonium contained in used nuclear fuel into fresh MOX fuel. Some 96% of the content of "used" nuclear fuel is recoverable. These materials are extracted at the AREVA NC la Hague site and used in the MOX fabrication process (mixed oxide fuel) at the MELOX plant site to resupply reactors. Such recycling limits our consumption of natural uranium.

³ International Nuclear Event Scale

Industrial know-how on this scale is unique in the world. It significantly reduces environmental impacts across the entire uranium lifecycle, in particular during the mining stage, which has the biggest impact in terms of footprint.

In addition, the group has aligned its internal practices with these issues in order to very significantly and proactively reduce its environmental footprint across the entire nuclear fuel cycle.

For example, from the early days of its establishment, New AREVA has built an internal system of environmental performance indicators to measure the results produced by changes in individual behavior, the optimization of existing facilities, or major technological leaps.

New AREVA ensured that the results of this initiative were indisputable by coming up with auditable performance indicators.

A new phase of the circular economy has begun with major operators in the nuclear industry, in particular to recycle a maximum amount of certain resources from dismantling, such as steel.

2.1.3. AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL HAZARDS

Provisions and guarantees related to the group's end-of-lifecycle obligations and environmental hazards

Provisions totaling 7,613 million euros had been set aside as of December 31, 2016 for environmental hazards, including the dismantling and rehabilitation of mining sites and facilities, nuclear facility dismantling, radioactive waste retrieval and packaging, final waste disposal, routine cleanup, and pollution control and reclamation of industrial sites and mines. Provisions for nuclear facility dismantling and waste retrieval and packaging total 7,341 million euros, with New AREVA Holding's share representing 7,214 million euros (see *Notes to the consolidated financial statements for the period ended December 31, 2016*, Note 13. *End-of-lifecycle operations*).

2.2. ENVIRONMENTAL RISK PREVENTION AND MANAGEMENT

2.2.1. BIODIVERSITY PROTECTION AND DEVELOPMENT

New AREVA pays close attention to monitoring and preserving biodiversity. The protection of plant and animal life begins in the design phase and continues throughout the facility operating period and into site rehabilitation. Special care is devoted to native species and to how species introduced during reclamation adapt to the local biotope (habitat for plant and animal life).

New AREVA began an in-depth reflection on interactions between its operations and biodiversity. The conclusion was that, as for all industrial activities, the group's sites:

- use the natural environment;
- benefit from all of the eco-systemic services offered by biodiversity (resources, climate regulation, regulation of effluents, etc.);
- contribute as a consequence of their activities to biodiversity erosion (waste production, greenhouse gas emissions, use of resources, dividing up of existing ecosystems).

New AREVA integrated this theme into its environmental policy with the goal of avoiding, reducing and if necessary offsetting the impacts of its operations on biodiversity. Comprehensive mapping showed that the main impacts on biodiversity from the group's facilities came from the mining operations and from the operations of some sites with significant environmental aspects. After work involving international biodiversity experts, New AREVA developed a tool to assess interactions between the group's operations and biodiversity. Usable by each site, the tool offers a means for raising employee awareness, methods for assessing the impacts on biodiversity, and a guide for setting up action plans.

In addition, to gain a better grasp of local biodiversity challenges, targeted ecological inventories were taken at the major industrial sites. The most important of these concerned the Tricastin site. The inventories provide a clear

picture of existing biodiversity at the site and were used to create maps of the ecological issues associated with the preservation of remarkable species.

More generally, the group strives to continually reduce the environmental footprint of its facilities and more specifically to take simultaneous action on the five mechanisms known to erode biodiversity. The main actions undertaken involve combatting climate change and the proliferation of invasive species, managing risks related to changes in land use and to the potential impacts of releases and other industrial pollution, and working towards the sustainable use of natural resources.

2.2.2. SOIL MANAGEMENT

The objectives of New AREVA's environmental policy are to reduce and manage all of our environmental liabilities. In particular, it stresses greater efforts to prevent the risks of accidents, chronic risks and risks related to facility aging. These risks can in fact lead in some cases to the creation of environmental liabilities.

On February 6, 2014, AREVA NC filed a license application with the French ministry in charge of nuclear safety for the dismantling of INB 105 at the Tricastin site. ASN and its technical expert IRSN are reviewing the application. At the same time, a similar application was filed for INB 93 (Eurodif gaseous diffusion uranium enrichment plant), also to proceed with its dismantling. ASN and its technical expert IRSN are reviewing both applications.

At former French mining sites, the campaign to inventory mine tailings and to search for the presence of radon in and around homes is continuing on schedule. A total of 71 residential houses had been identified in the immediate vicinity of places where mine tailings had been reused, along with another 530 residences further away from the mine tailings. Accordingly, 588 radon kits were sent to the owners of the houses in order to take measurements during the winter months, when radon accumulates more easily in homes due to poor ventilation.

Following the completion of cleanup and dismantling work at the SICN site in Annecy, prefectural permits for monitoring and public service were issued to the site. Currently, the site hosts a mechanical machining company which conducts its operations in the remaining rooms, a warehousing and maintenance workshop where the former uranium foundry was located, and the biomass boiler built by IDEX in the southwestern part of the site, which has provided heating for a number of individual houses and municipalities since the beginning of the year. At the Veurey site, SICN has filed applications to decommission the two regulated nuclear facilities; the application for institution of public servitudes is still under review by the nuclear safety authority ASN. Actions aimed at the complete reindustrialization of the site continue.

Operations to clean up the Miramas site have been finished. Operating units such as the washing station and the unit to remove explosives contamination are winding down, and the site is in the final clean-up phase. The corresponding work completion reports were sent to the prefecture for review and approval. The site is now working with local partners to examine its sale and reindustrialization. No operations were conducted at the site in 2016, except for the winding down of the UDT and the dismantling of the related building, which are subject to a legal proceeding.

2.2.3. CONSIDERATION OF ENVIRONMENTAL STRESS AND CHRONIC HAZARDS

A nuclear facility's environmental impact study is updated at each stage of its lifecycle, i.e. upon its creation, modification, shutdown and dismantling. Such studies seek to characterize the potential health effects and environmental impacts of stresses and releases from the facility in question.

They include chemical hazards assessments which focus on the neighboring population that might be chronically exposed to facility releases. They are carried out based on normal facility operating scenarios, both in France and abroad, and factor in different potential exposure paths to the neighboring populations in approaches that are as realistic as possible. They are repeated at each material modification of the facilities, based on the latest available scientific knowledge.

Environmental impact studies using risk assessment methods are also used to prevent environmental hazards (protection of plant and animal life). These studies are performed for each new facility and for each notable change in existing facilities. For the latter, environmental monitoring regulations also include specific measures to assess their impact on the environment, such as monitoring of radiological and/or chemical markers in different environmental matrices, supplemented as necessary by measures for eco-monitoring of plant and animal life. The Tricastin site, for

instance, added ecological monitoring measures to its environmental monitoring program specific to local ecological issues (periodic inventories and standardized ecological indices).

The group deployed its asbestos directive concerning asbestos hazards. The carcinogenic, mutagenic and reprotoxic substances directive (CMR) applies to all sites where the group is the principal operator. Of the two sections in the directive, one deals with managing workstation risk, while the other addresses environmental risk management. The objectives of the directive include identifying and eliminating all class 1A and 1B CMRs if it is technically and economically feasible to do so, and ensuring the traceability of employee exposure through measurement and follow-up.

Prevention of Legionnaires' disease is also a priority for the entities involved, particularly as concerns domestic hot water systems.

Each site manages the prevention of more specific noise, olfactory, light and visual pollution locally as a function of local issues (such as whether or not there are residences close to the sites) and constraints, and regulatory requirements.

2.2.4. TECHNOLOGICAL AND CHEMICAL HAZARDS

The French law of July 30, 2003 on the prevention of risks of technological and natural origin and on compensation for damages, together with its implementing regulations, introduced a new tool for controlling urban development around the group's two "high-threshold" Seveso sites in France: the defluorination facility at the AREVA NC Tricastin site, and the conversion facilities of AREVA NC Malvési and Tricastin. Called the Technological Risk Prevention Plan (TRPP), the tool is used to reduce risks, deal with existing situations, plan for the future and stimulate dialogue with stakeholders, including local governments.

In accordance with New AREVA's second environmental policy goal, the focus is on the prevention and management of environmental hazards, particularly operational risks, based on periodic updates to the hazards analyses for the industrial sites (see Section 1.7.3.2.1. of the annual activity report, *Seveso risks*).

2.3. ENVIRONMENTAL PERFORMANCE

2.3.1. SUSTAINABLE USE OF RESOURCES, LAND AND RAW MATERIALS

Sustainable use of resources

To minimize its environmental footprint, the group acts to reduce withdrawals from the natural environment and its consumption of materials and energy, and continually searches for opportunities to recycle waste.

In the projects, the eco-design approach has contributed to the early identification of the environmental impacts of major projects and thus to optimization efforts, in particular as concerns projects in the Mining, Chemistry/Enrichment and Recycling Business Units, with support from the group's engineering companies.

Concrete examples of projects contributing to the sustainable use of resources by limiting the consumption of raw materials are presented in the following paragraphs on energy management at New AREVA, on the reduction of water usage and on management of the group's waste.

Land use

New AREVA's industrial and mining operations use land. While the land use of its main industrial operations remains practically unchanged throughout the group, the land use of its mining operations depends directly on the mining technologies employed: an underground mine requires little land compared with an open-pit mine, which requires a larger land area. Roads and related supply systems to the facilities may also influence land use. New AREVA is aware of these issues and tries to minimize them.

In addition, it is important to include the operating cycle in land management efforts. Rehabilitation at the end of operations will condition the return to a state of equilibrium. In France, where mining operations ceased nearly 15 years ago, New AREVA manages about 250 former mining sites representing some 14,000 hectares of land. Former mines are reclaimed and replanted to limit the residual impacts and integrate the sites into the natural landscape

while restoring habitat for different species, in harmony with the natural environment and in agreement with the local stakeholders. An inventory of these sites shows that nearly half of the land occupied and managed by New AREVA is considered remarkable from an ecological point of view by its ranking as a Natura 2000 area or other (e.g. natural area of ecological interest, ZNIEFF).

Use of raw materials

Controlling the consumption of raw materials is one of our objectives in waste recovery, which includes materials recovery and energy recovery. Some of the group's waste is recovered internally or externally and is then recycled into the process, limiting raw materials consumption. For example:

- 96% of the content of used nuclear fuel is recoverable. These materials are extracted at the AREVA NC la Hague site and used in the MOX fabrication process (mixed oxide fuel) at the MELOX plant site to resupply reactors. Such recycling limits our consumption of natural uranium.
- The potassium diuranate generated by the AREVA NC Pierrelatte site from the conversion of uranium ore is recycled at the AREVA NC Malvési site.

2.3.2. ENERGY MANAGEMENT AND ENERGY EFFICIENCY

New AREVA's total energy consumption came to 2,189 GWh in 2016.

All of the group's sites continued their efforts to improve energy efficiency through targeted audits, particularly as concerns the production and distribution of compressed air, and through the systematic valuation of energy savings investments by drawing on the regulatory system of Energy Savings Certificates (ESC).

2.3.3. WATER USAGE

The group used a total of 10.8 million cubic meters of water in 2016.

2.3.4. WASTE

Conventional waste

The gross production of conventional waste totaled 22,762 metric tons in 2016, as follows:

- 8,044 metric tons of hazardous waste, including 2,179 metric tons from exceptional operations;
- 14,719 metric tons of non-hazardous waste, including 7,173 metric tons from exceptional operations.

Programs are being implemented in all of the group's facilities to reduce final waste quantities, and specifically to:

- minimize and control waste generation at the source;
- promote sorting by providing bins for selective waste collection or by creating in-house sorting centers;
- select suitable methods for materials recycling and waste reuse; and
- improve the processing and packaging of non-reusable waste.

PCBs and PCTs

In accordance with the European Council Directive 96/59/EC of September 16, 1996, New AREVA's sites in France have eliminated equipment containing more than 500 ppm of polychlorinated biphenyls (PCBs) and polychlorinated terphenyls (PCTs). A second elimination plan was established under decree no. 2013-301 of April 10, 2013. That plan now concerns equipment containing 50 to 500 ppm of PCBs or PCTs. The sites must gradually phase out this equipment according to a schedule set by regulation based on the manufacturing date of the equipment.

Radioactive waste

Radioactive waste is produced mainly during operations, dismantling and cleanup of nuclear facilities. It is characterized based on its radiological activity (very low-level, low-level, medium-level or high-level) and by the half-life of the radioelements it contains (very short-lived, short-lived or long-lived waste). Each type of waste requires a specific management method, as shown in the table below.

	Very short-lived (half-life < 100 days)	Short-lived (half-life ≤ 31 years)	Long-lived (half-life > 31 years)
Very low-level waste (VLLW)	Management through radioactive decay at the production site	Centre de l'Aube near-surface disposal facility for VLLW	
Low-level waste (LLW)		Centre de l'Aube near-surface disposal facility for LLW and MLW	Research carried out under French law of June 28, 2006 (near-surface disposal at 15-200 meters)

Medium-level waste (MLW)		Research carried out under French law of June 28, 2006 (deep disposal, 500 meters)
	followed by conventional disposal	
High-level waste (HLW)		Research carried out under the French law of June 28, 2006 (disposal in a deep geological repository, 500 meters)

New AREVA establishes radioactive waste management methods in compliance with the principles of the French Environmental Code and Euratom directive no. 2011/70/Euratom of July 19, 2011:

- protect public health, safety and the environment;
- prevent and limit the burden to be borne by future generations;
- reduce the quantity and toxicity of radioactive waste, in particular by using appropriate processing and packaging methods;
- organize waste shipments and limit them in distance and volume;
- provide information to the public on the effects on the environment and public health of waste production and management operations, subject to confidentiality rules provided in the law, and on the measures taken to prevent or offset harmful effects.

Each disposition method is thus defined as part of a graduated approach to the risks and impacts as regards the costs (human, financial, environmental, etc.) and the benefits expected from the use of a disposition solution.

For implementation of waste management methods, New AREVA draws on:

- the operating entities of the different production sites likely to generate radioactive waste;
- the Dismantling and Waste Contracting Department, which is tasked with steering New AREVA's overall performance plan and defining strategies to be deployed by the operating entities.

The principles guiding the use of management methods at New AREVA's different sites, in compliance with safety, cost, schedule and quality objectives and commitments, are:

- waste reduction at the source, with the goal of "zero waste" in design and operations; waste likely to be radioactive is separated from conventional waste based in particular on a policy of "zoning" the facilities, which is continually optimized to minimize radioactive waste quantities;
- radiological characterization and assessment of activity to define optimum packaging;
- volume reduction using cuttings, assembling and compaction processes;
- With packaging, waste is immobilized in a container suited to its radioactivity level and half-life, in some cases using material to hold it in place (such as cement) or after processing. When processing is necessary, the goal is to convert the initial waste into a waste form with more appropriate characteristics for final disposal, in particular by maximizing containment performance. Drying, incineration, vitrification and melting are examples of processing. Furthermore, processing reduces waste volumes.

A quality program including quality control is carried out throughout processing operations. Best available technologies (BAT) are used for processing and are chosen based on multicriteria analyses that factor in the industrial, environmental, health and radiological impacts.

The sustainable radioactive waste management solutions used by New AREVA follow the guidelines of the National Radioactive Waste and Materials Management Plan (PNGMDR). New AREVA is heavily involved in developing the PNGMDR resulting from the implementation of the program law of June 28, 2006 on the sustainable management of radioactive materials and waste. The principal purpose of this triennial plan developed under the aegis of the Ministry of the Environment, Energy and the Sea, together with the nuclear safety authority ASN, is to regularly assess the radioactive substances management policy in France, to evaluate new requirements and to determine the objectives to be achieved. New AREVA is represented through its Dismantling and Waste Contracting Department, which steers and coordinates cross-business programs and studies related to the development, implementation and follow-up of the plan.

Dissemination and communication of information

Information on the flows and volumes of waste stored at New AREVA's nuclear facilities (especially volumes) is communicated to the competent authorities in the form of annual reports. In addition, New AREVA is a major participant in updates to the National Inventory published every three years by Andra.

The inventory also presents storage capacities, in particular for long-lived medium- and high-level waste, along with their fill status.

This information is available on the Andra website, <http://andra.fr>.

2.3.5. RELEASES

Control of releases and environmental monitoring

New AREVA devotes considerable resources to limiting and monitoring releases and to environmental monitoring, upstream from monitoring performed by the French authorities.

The resources deployed take into account regulatory reporting requirements, including in particular declarations for the European Pollutant Emission Register (EPER), reduction of greenhouse gas emissions under the National Quota Allocation Plan, and renewal of release permits for the nuclear facilities. The amended "INB Order" of February 7, 2012 and ASN's "Environmental Decision" no. 2013-DC-360 lay down general rules related to reporting releases from regulated nuclear facilities and for environmental monitoring.

Regarding radioactive releases, New AREVA is strongly committed to the standardization program for measurements of effluent radioactivity established in 2007 by the M60-3 Committee of the Bureau de normalisation des équipements nucléaires (BNEN, the French nuclear equipment standards organization) and has designated a representative from each major nuclear site to participate in this effort.

Concerning the monitoring of environmental radioactivity, it has been possible since February 2010 for any member of the public to go to the website managed by IRSN (www.mesure-radioactivite.fr) to see all of the environmental radioactivity measurements carried out by the operators in the vicinity of their sites as part of the prescribed environmental monitoring. Each site has acquired the tools needed to manage and submit the data. The group's five laboratories – AREVA NC la Hague, AREVA NC Pierrelatte, Eurodif Production, SEPA Bessines and AREVA NC Malvési – were issued licenses by the French nuclear safety authority ASN for the analyses that they must carry out. These licenses are periodically renewed as laboratory comparison tests organized by IRSN are carried out, based on a table of analyses defined by the national environmental radioactivity measurement network RNM in the order of June 3, 2015 implementing ASN's decision no. 2015-DC-0500 of February 26, 2015, which itself modifies ASN's decision no. 2008-DC-0099 of April 29, 2008 on the organization of the national environmental radioactivity measurement network and sets the terms for laboratory licensing.

New AREVA performs some 100,000 measurements and analyses annually on samples taken at 1,000 locations to monitor environmental radioactivity around its sites.

Releases in water

Nitrogen and uranium releases are directly related to the activity levels and types of products processed in the group's facilities.

AREVA NC la Hague accounts for most of the group's nitrogen releases (about 550 metric tons per year). These releases are directly related to the site's production level (use of nitric acid in the process). They have declined since the new plants have come onstream with deployment at the end of the 1990s of effluent management aimed at recycling the acid. They have been relatively constant since then.

Uranium releases in aquatic media from the group's sites, taken together, have been stable for several years. The changes observed are mainly due to legacy mining sites, now shut down, with residual uranium releases varying as a function of rain levels.

Atmospheric releases

The group's operations release some gases which contribute to global warming, depletion of the ozone layer and atmospheric pollution. These are primarily:

- direct emissions of greenhouse gases (GHG) associated with the burning of fossil fuels (CO₂) and with nitrogenous releases (N₂O) from operations related to the treatment of uranium oxide;
- indirect emissions of greenhouse gases associated with the use of electricity and thermal power; and
- gaseous releases such as volatile organic compounds (VOC), acid-forming gases and ozone-depleting gases.

Greenhouse gas releases

New AREVA leads a very proactive strategy for reducing its direct emissions of greenhouse gases. The aim of the current environmental strategy is to maintain a high level of performance in terms of environmental footprint.

Among the actions taken in 2016 are the change in the method of shipping UF₄ from the AREVA NC Malvési site to the AREVA NC Tricastin site (by rail).

Direct greenhouse gas emissions totaled 363,114 metric tons of CO₂ equivalent in 2016.

Carbon production to identify greenhouse gases related to scope 3 has not been assessed recently.

Radioactive releases

Radioactive releases have fallen sharply in the past 30 years, reflecting the continuous improvement initiatives deployed by the group's entities. For example, the radiological impacts of the la Hague site have been divided by five to seven in the past 30 years, and the impacts on the reference group have been stable for several years now at around 10 µSv/year, down from approximately 70 µSv in 1985. These efforts paved the way for compliance with more stringent regulatory standards in the European Union, as transposed into French law, which currently set the maximum added effective dose to the public at 1 mSv per year, compared to an average of 2.9 mSv per year for exposure to naturally occurring radiation in France (source: IRSN, 2016) and 1 mSv to 10 mSv per year in the rest of the world. Nevertheless, New AREVA is continuing its studies on the feasibility of further reducing radioactive releases from the la Hague plant, particularly within the framework of the plant's release permit. These actions are also consistent with the ALARA initiative ("as low as reasonably achievable") and with the use of best available technology (BAT) to the extent technically and economically reasonable, taking into account the characteristics of the facility, its geographic location and local environmental conditions.

The environmental reports published by the group's French nuclear sites and the annual safety reports made available to the public in application of article L. 125-15 of the Environmental Code list radioactive releases and their trends. Measurements of these releases are subject to cross-checks and unannounced inspections by the French nuclear safety authority ASN.

The radiological impacts of the nuclear sites on the most exposed members of adjacent populations (reference groups) are estimated each year. These impacts are expressed as the added effective dose in millisieverts per year (mSv/yr.), an indicator of health effects. The radiological impacts are calculated based on actual gaseous and liquid radioactive releases measured during the year and account for the different possible exposure pathways to the populations in question.

The radiological impact assessment model of la Hague factors in the various types of radiation (alpha, beta and gamma), the two potential exposure pathways (external exposure and internal exposure by ingestion or inhalation), and the specific behavior of each radionuclide in the human body. It is the result of collaborative efforts with French and international experts and associations under the umbrella of the Groupe Radioécologie Nord-Cotentin (GRNC, the Nord-Cotentin radioecology group). Following the recommendations of the GRNC, the site performs a sensitivity analysis each year. Radiological impacts are calculated for five nearby towns, where radiological monitoring stations are located. If the impacts on one of the towns are greater than on the reference populations, this is made public. Independent experts conducted epidemiological studies to assess the direct health effects of radioactive releases on exposed members of the public. All of the studies conducted over the past 20 years have concluded that the site has a

very low impact, with the added effective dose for one year being equivalent to about one day of exposure to naturally occurring radioactivity in the Nord-Cotentin region of France.

The group has set a goal of optimizing its management of radiological impacts and standardizing its radiological impact assessment models at all sites with radioactive releases, taking into account special local circumstances related to the life style and eating habits of the population. The order of magnitude of the impacts from the group's nuclear facilities is very low, at equal to or less than 0.01 mSv⁽⁴⁾.

In France, New AREVA provides all of the necessary information to the Local Information Commissions (CLI) set up by the government in the vicinity of major energy facilities to foster dialogue with local populations.

The group also takes measures to limit as much as possible the impacts of added external radiation at the site boundary to 1 mSv/yr. This corresponds to an extreme theoretical scenario in which an individual stays at the site boundary for an entire year without interruption, i.e. 8,760 hours. More realistic exposure scenarios are taken into consideration when acceptable solutions on an economic and social level cannot be found. To ensure the continuity of the program to reduce the dose at the site boundary, the sites have bolstered dosimetry-based monitoring systems when necessary.

Climate change

Adapting to the consequences of climate change is reflected in the safety assessments of the facilities carried out periodically. Assumptions are regularly reviewed to factor in the latest scientific knowledge concerning global warming and the impacts on water resources and on extreme climate phenomena.

These assessments are used to adapt facility designs if necessary and to establish significant margins of safety in relation to foreseen natural events and an appropriate emergency management organization (detection of extreme weather phenomena, protection of the facilities).

In 2016, several unusual weather events occurred, including heavy rains on several occasions at the group's sites in southeastern France. New AREVA suffered no damage or other impacts, demonstrating the robustness of its facilities in the face of this type of event.

2.4. ENVIRONMENTAL PERFORMANCE IMPROVEMENT

2016		
Consumption		
Quantity of energy consumed (MWh)		2,188,507
Quantity of water tapped (m ³)		10,786,948
Conventional waste		
Total tonnage of conventional waste (normal and exceptional operations)		22,762
Quantity of hazardous waste (MT) related to normal operations		5,864
Quantity of non-hazardous waste (MT) related to normal operations		7,545
Releases		
Direct greenhouse gases (MT CO ₂ e)	√ ⁽¹⁾	363,114
Indirect Scope 2 greenhouse gases		166,749
Volatile organic compounds (MT VOC)		1,105

⁽¹⁾ Indicator subject to reasonable assurance.

⁽⁴⁾ To be compared with the average of about 2.4 mSv per year for naturally occurring exposure in France.

3. SOCIETAL INFORMATION

3.1. LOCAL ECONOMIC AND LABOR IMPACTS OF OPERATIONS

CONTRIBUTING TO LOCAL ECONOMIC DEVELOPMENT

New AREVA continues to be committed to local involvement through programs aimed at contributing to the attractiveness and economic development of the communities in which its sites are based.

In 2016, as part of its competitiveness plan and commitments to revitalization under its Voluntary Departure Plan in France, New AREVA committed to helping communities affected by the economic changes it is undergoing through a revitalization plan and programs designed to promote the emergence of new businesses and the creation of new jobs.

A master agreement between the French State and New AREVA to implement the revitalization program in France was signed on October 4, 2016 for a legal period of 36 months. The master agreement will be applied through four local agreements in the regions and departments of Ile-de-France, Manche and Aude, and at the Tricastin-Marcoule platform (Drôme, Gard and Vaucluse Departments). The ultimate goal of the revitalization action plan is to create a thousand jobs in the areas impacted near affected New AREVA sites.

In accordance with the company's social and environmental values, New AREVA will draw on its knowledge of the impacted communities to initiate actions suited to the specific features of each employment area. This will be done synergistically and consistent with the development dynamics specific to each community.

As part of its revitalization plan, New AREVA intends to support projects led by small and medium businesses in the manufacturing and industrial services sector, particularly in the nuclear industry, and will give particular importance to the sustainability of the operations generated by those projects. Revitalization actions will also concern the funding of projects of particular interest for each of the communities concerned in the areas of training, employment support and the social and solidarity economy.

3.2. STAKEHOLDER RELATIONS

The group creates and coordinates organizations for dialogue and consensus building near New AREVA sites in each of the countries in which it is based. They are integral to an approach aimed at long-term dialogue with our local and internal stakeholders.

Consensus building activities near the French sites have been in place for several decades and are institutionalized in legislation which serves as a legal foundation for the missions and contributions of local information organizations, i.e. the Local Information Commissions (*Commissions locales d'information*, CLI) for the nuclear sites and the Site Monitoring Commissions (*Commissions de suivi des sites*, CSS) for former mining sites and Seveso sites. These commissions are bodies for dialogue and consensus building between the operator and local stakeholders. The commissions comprise a number of collegial bodies: local elected officials and communities, government representatives, resident associations, environmental protection associations, industrial companies, employee representatives and competent individuals (physicians, experts, etc.). New AREVA maintains regular relations with these commissions. In 2016, for example, it participated in information seminars for CLI members on medium- and high-level radioactive waste and on environmental radioactivity monitored, and it attended the national CLI conference. The group is also a member of multiparty forums, i.e. the Senior Committee for Transparency and Information on Nuclear Safety (HCTISN) and the National Radioactive Waste and Materials Management Plan (PNGMDR).

A number of bodies have been created within AREVA Mines to structure stakeholder relations. In Mongolia, for example, Local Cooperation Committees were established voluntarily and met with elected officials and representatives of the local communities to present the mining project during the exploration phase and to discuss the related challenges with stakeholders. In Niger, a Bilateral Orientation Board (CBO) brings together local elected officials, relevant government agencies and civil society to help strengthen local governance of community development projects in the best interests of the public. These bodies define local development policy, select projects based on local priorities, issue recommendations for the projects and help fund them. In Canada, the Athabasca Working Group (AWG) brings together six North Saskatchewan communities and representatives of the mining companies (AREVA Resources Canada Inc. and Cameco Corporation) for dialogue on employment, training,

environmental protection and financial support for the communities. These meetings are summarized in an annual report published by the AWG.

3.3. SUBCONTRACTING AND SUPPLIERS

To offer the best product and service quality to its customers, New AREVA combines its know-how with the expertise of its subcontractors. The group's industrial policy distinguishes between "core business" activities carried out internally and those that may be outsourced and subcontracted.

Subcontracting is a factor in value creation for New AREVA's nuclear operations. The group assembles the best skills and practices, exceptional and specialized resources, and process owners to optimize the performance of its facilities or broaden its offering of products and services.

The group's standards for purchasing and the use of subcontracting include:

- an industrial policy;
- a purchasing policy;
- an intragroup purchasing policy;
- a supply chain purchasing management system procedure;
- a supplier management system specification;
- a procedure for prior risk analysis of subcontracted activities (hazards table);
- a procedure for including protected interests in expressions of requirements;
- a procedure for subcontractor supervision.

The process of listing, evaluating and following up suppliers and subcontractors is based on a principle of proportionality to the challenges.

New AREVA's contracts are thus divided into three categories as a function of the risk level and based on prior risk analysis called "hazards analysis". The analysis is filled in for any contract involving intervention at a site and requirements concerning protected interests, before the technical specifier drafts the requirements.

The level of the activity's risk determines the list of suppliers invited to bid and the measures to be taken for contract follow-up and operational supervision to ensure the control of subcontractor health, safety, environment and sustainable development requirements.

New AREVA also strengthened the best-offer principle in its bid selection process in accordance with the roll-out of the social specifications. Criteria for covering risk prevention aspects and labor aspects were introduced in the bid evaluation process.

In practice, technical bids determined to meet the expression of requirements undergo a quantified assessment based on a relative weight of 40% or more, depending on the technical criteria, and of 10% based on risk prevention and working conditions criteria.

The criteria adopted for risk prevention and working conditions are:

- the accident frequency rate for years n-1 and n-2;
- assessments of supplier services for years n-1 and n-2;
- the ratio of training to payroll for years n-1 and n-2;
- the industrial scheme proposed with the volume and level of subcontracting planned.

In addition, in view of the reorganization of the group and the function, which will have an impact on subcontracting, New AREVA began strengthening its communications to its suppliers and service providers. In addition, Supplier Days are organized locally by the operating entities.

3.4. FAIR PRACTICES

As the New AREVA group is controlled by AREVA SA, all of the companies comprising the group are subject to the rules and procedures set up by the AREVA group regarding professional ethics and the prevention of corruption, as described in AREVA SA's Code of Ethics in Appendix 1.

APPENDIX 1

CODE OF ETHICS

1. PREAMBLE

AREVA wishes to be an exemplary group in terms of Ethics and Compliance. This code describes the ethical rules to which AREVA submits in all circumstances, whether as a result of external obligations (laws and regulations) or by its own decision. They apply to the group's employees and with any necessary modifications to its suppliers and partners.

Furthermore, the two entities of the AREVA group - New AREVA and AREVA NP - have each defined within the framework of their respective business plans the values that shall be respected by every employee.

Among these values, integrity governs AREVA's practices and decisions in all circumstances. The group conducts its activities in strict compliance with Human Rights, as defined in the Universal Declaration of Human Rights approved by the United Nations. It scrupulously observes the laws and regulations of the countries in which it operates, its own internal rules and the rights of its employees.

Accountability, fairness and openness to dialogue characterize AREVA's conduct. The group endeavors to provide accurate and relevant information enabling objective assessment of its performance in terms of environmental, economic, social and societal responsibility.

2. AREVA'S COMMITMENTS

AREVA AND ITS STAKEHOLDERS

With regard to the countries in which the group operates

AREVA scrupulously observes the current laws and regulations in the countries in which it operates.

With regard to customers

To satisfy and anticipate the requirements of its customers, the group is constantly receptive to them and endeavors to fully honor its commitments towards them.

AREVA respects their culture and protects their image and interests. AREVA protects the confidentiality of the data or know-how to which its customers and partners grant access, within the legal and regulatory framework, as if it were its own.

With regard to employees

AREVA's workforce is constituted without discrimination as to, in particular, race, color, religion, age, gender, sexual orientation, political opinions, national extraction or social origin. AREVA respects the privacy of its employees and remains neutral with regard to political opinions and philosophical or religious beliefs. Reciprocally, any indoctrination in the workplace is banned. AREVA is attached to dialogue between management and staff and conducts it in a fair and upright manner.

AREVA offers its employees training plans aimed at maintaining their level of expertise in all areas required by their jobs. With regard to shareholders, AREVA respects the principles of corporate governance, particularly aiming to guarantee shareholders optimal growth and return on their investment. It is especially careful to treat them equally and provide them with accurate and relevant financial information.

With regard to suppliers and subcontractors

Within a competitive framework, AREVA sets out to forge sustainable partner relationships with its suppliers and subcontractors with a view to providing services of the highest standards to its customers. From the procurement inquiry stage, AREVA undertakes to maintain loyal, fair and objective relations marked by mutual respect with all its suppliers, subcontractors and partners.

AREVA protects the image of its suppliers and their confidential data as if it were its own.

In their role of supplier, the subsidiaries are treated with the same fairness and respect as other suppliers, within the limitations set by AREVA's established industrial policies.

With regard to the public

For AREVA, protecting the environment as a common good encompasses all aspects of human welfare in its interactions with nature. AREVA's environmental policy and its risk management programs are based on this principle and aim at reducing the environmental footprint of its activities and at preserving biodiversity in the regions where the group is an industrial or mining operator. The preservation of natural resources through raw material recycling, also demonstrates AREVA's respect for the planet.

AREVA asserts its willingness to engage with and take part in the public debate. It takes care to explain honestly its strategic and technological choices and to inform decision-makers and citizens of its operations and their conduct. It observes ethical conduct in the use of its means of information and communication.

Other commitments

AREVA has signed the *United Nations Global Compact*, complies with the *Guiding Principles of the OECD* for multinationals and supports the *Extractive Industries Transparency Initiative (EITE)*.

AREVA'S EXPECTATIONS

With regard to employees

All group employees conduct their activities in compliance with Human Rights, as defined in the Universal Declaration of Human Rights adopted by the UN.

Employees are honest and comply with applicable laws and regulations in the countries in which they work, and with AREVA's Code of Ethics and the group's compliance policies and procedures. They manage AREVA's resources with the same rigor as if they were their own. The same is attitude expected of temporary workers.

AREVA's employees are motivated by commitment to the customer. They demonstrate professional conscientiousness, competence and rigor. The operations they carry out or outsource are completely traceable.

Employees are mindful of the excellence of AREVA's products and services. They transfer knowledge that is useful to operations. Lessons learned are systematically put into practice.

With regard to suppliers and subcontractors

AREVA endeavors to ensure that its regular suppliers directly related to its core activities, its subcontractors, financial partners, consultants and selling intermediaries (distributors, agents, etc.) subscribe to this Code of Ethics. Their own regular suppliers or subcontractors, as well as the group's industrial partners, are urged to subscribe to it, at least with regard to their activities directly relating to AREVA's core activities.

AREVA reserves the right to verify that the practices of its suppliers and subcontractors comply with AREVA's Code of Ethics at all times, and throughout the goods and services supply chain.

3. RULES OF CONDUCT IN FORCE AT AREVA

The following rules of conduct are binding on all AREVA employees and on its suppliers and subcontractors. Where appropriate, they are clarified by compliance policies and procedures.

PROTECTION OF PERSONS AND PROPERTY

Employees shall immediately notify their hierarchy of any irregularity they observe with regard to the protection of life and property.

People, health, safety and the environment

We conduct our operations with the utmost respect for human dignity and will not tolerate harassment of any kind nor any violation of Human and Children's Rights.

AREVA takes care to ensure that the activities carried out on its sites comply with current rules and group policies relating to health, safety and the environment.

Any breach of these obligations must be reported to the relevant level - and to the Compliance Department where appropriate – which shall forthwith take measures to verify the reality of the offending practices, conduct the necessary audits and immediately put an end to such misconduct if it is proven.

Reputation and brand image

AREVA's reputation is one of its main assets. Employees shall neither do or say anything that could have a deleterious effect on AREVA's reputation, image or credibility. In national and international relations, due respect prohibits any denigration and ostentatious, uncivil or offhand conduct towards others.

Intangible heritage

Employees shall take care to protect the group's confidential data, whether or not marked as such, against any intrusion, theft, loss, damage, misappropriation, disclosure, reproduction, forgery, use for personal, unlawful or occult purposes, particularly on the Internet and the Intranet.

This relates in particular to technical and administrative data; files on customers, prospects and suppliers; software; passwords; documentation and drawings; methods and know-how; proprietary manufacturing methods, skills and parameters; intellectual and industrial property; estimates; contracts and agreements; unpublished cost and sales prices; strategic and commercial objectives; R&D information; financial and labor-related information; and the names of specialists and experts and their contact information.

CONFLICTS OF INTEREST

All employees shall demonstrate loyalty and declare forthwith and in writing any conflicts of interests to their superiors, with a copy for the Compliance Department. This concerns any situation in the course of their duties in which their personal interests or that of their relatives could interfere with the interests of the group. Such conflicts include relationships with suppliers, customers, known competitors or any organization or person associated with AREVA or that seeks such association.

Employees shall take care not to deliberately put themselves in a situation of conflict of interest and shall not participate in any analysis, meetings or decisions concerning matters subject to a conflict of interest. In particular, a spouse, child or relative of a group employee may only be hired or commissioned if the employee's superior agrees, and the same rules apply to the said person on objective criteria, in order to avoid any ambiguity or suspicion of favoritism. The group employee concerned cannot take part in the process of selecting his or her friend or relative. Equally, a spouse, child or relative of a group employee cannot be placed under the latter's direct or indirect line authority.

Conflicts of interest notified to management are analyzed on a case-by-case basis by the two higher levels of management, which settle the conflict in accordance with current laws and regulations. The following situations that could be the source of potential conflicts of interest (a non-exhaustive list) must be reported:

- a manager or a relation holding personal interests in a company that is a customer, supplier (including consultants, financial partners and others) or competitor of the group;
- a member of staff or one of his or her relatives is a director or corporate officer of an independent firm having dealings with the group;
- an employee or a relation who is a consultant or occupies a management position or is a member of the marketing and sales or purchasing department of another company associated with the group or that seeks such association;
- an employee or a relation who provides premises, equipment or personal property to the group for a fee.

COMPETITION

AREVA and its employees shall refrain from distorting, either directly or indirectly, a free spirit of competition in all of its commercial transactions. They shall also refrain from all unfair behavior towards competitors and shall not enter into illegal competition agreements. AREVA and its employees shall comply with French, European and international competition law and the law of all countries in which the group operates. Any information relating to third parties, in particular AREVA's competitors, must be collected and used in strict compliance with applicable law.

EXPORT CONTROLS

In the nuclear business, we supply products, services and technologies only to nations and companies from those nations that comply with international provisions in force relative to non-proliferation, IAEA safeguards and export controls. This is an absolute condition.

It satisfies national requirements governing the exports of countries in which it is established.

CORRUPTION, GIFTS AND UNDUE ADVANTAGES

General attitudes

Integrity governs group's employees' relations with public services and with its customers, suppliers and partners. AREVA bans corruption in all its forms, be it public or private, active or passive. AREVA shall refrain from giving, proposing, promising or soliciting, either directly or indirectly, all payment or supply of services, gifts or leisure activities from or to a government official or private agent, in order to illegally obtain or conserve a market or a competitive advantage. The anti-corruption organization in place is described in a group policy.

Any observed cases of active or passive corruption, any solicitation of a third party tending towards such corruption, shall immediately be reported to management and the Compliance Officer, who shall forthwith take the measures needed to ascertain the reality of such cases, inter alia by carrying out the appropriate audits, and immediately put an end to such misconduct, if it is proven. Employees must avoid any situation in which they, even momentarily, find themselves in debt to a third party, or any merely ambiguous situation and any equivocal allusion of that nature.

Payments

All group entities and managers must be able in all circumstances to substantiate the real source and use of any sum.

No payments may be made or received if their purpose has not been fully and accurately described in their supporting contractual documents and accounting records.

Payment methods that intentionally or unintentionally hide the identity of a payer or a beneficiary are forbidden.

Selling intermediaries

All contracts with selling intermediaries must be duly approved in advance, in accordance with the group's procedure.

Political party funding

No group company funds or provides services to a political party, a public servant or candidate to such a post. However, in member nations of the OECD, where corporate contributions of this kind are legal, electoral campaign funding that complies with the legislation in effect in those nations is allowed. Such contributions are subject to the written consent of the corporate officer of the subsidiary concerned, who shall make a point of limiting such consent to a minimum. The sums and their recipients must be disclosed in the executive summary enclosed with the annual letter of compliance drafted by the subsidiary's designated company representative.

Gifts

AREVA is perfectly aware that exchanging small gifts or invitations of nominal value can, on occasion, make a legitimate contribution to good business relations. However, both in the public and the private sector, gifts or invitations are made or received by employees in strict compliance with the law and regulations and in an entirely transparent manner. They must never influence decision-making, nor can they be perceived as having any such influence on the donor and beneficiaries.

In this respect, employees must demonstrate sound judgment and a heightened sense of responsibility.

Should an employee need to accept or make a gift or invitation of some value to abide by local customs or for protocol or other reasons, he or she must refer to the appropriate management level (n+1), which will promptly take the appropriate steps in accordance with current laws and regulations, and send a copy to the Compliance department.

Internally, gifts and any other intercompany selling expenses between business units or subsidiaries are banned.

PHILANTHROPY, DONATIONS, HUMANITARIAN ACTIVITIES

The group's sponsorship policy and its action program are defined at the group level, which takes into consideration among other things the involvement of employees in such programs.

Spirit

AREVA's interventions reflect its values. These activities are strictly benevolent and are not contingent upon a commercial or administrative benefit to the group.

Arrangements

The group only intervenes as a partner, with no responsibility as prime contractor or operator, and only backs projects or programs that are led by their initiators, after accomplishing all the requisite legal and administrative formalities and obtaining the necessary permissions and guarantees.

AREVA's corporate sponsorship excludes any gift to a State or regional administration or any natural persons, and any cash payments.

INSIDER TRADING

The hierarchy and the personnel are made aware of all questions of professional confidentiality and are informed of their duty of discretion vis-a-vis their relatives; they are warned of any insider dealing that could ensue and must adhere to the policy in force in the group governing the treatment of inside information.

In compliance with the law, company officers undertake to acquire or sell shares directly or indirectly in listed or unlisted subsidiaries solely in accordance with group policy governing the protection of inside information, and undertake to inform the company's governing bodies thereof without delay.

PRIMACY OF AREVA'S CODE OF ETHICS AND ETHICAL ALERTS

If any blatant incident or breach of a statutory or regulatory obligation or violation of this code of ethics or compliance policies is observed, an immediate alert is a reflex and a duty. There are no hierarchical barriers to the free circulation of information required to ensure the smooth running of AREVA, nor any requisite rank for anyone alerting their superiors forthwith.

If an employee has any ethical concerns and does not know who to contact, he or she can always contact the compliance officer for his or her region or where appropriate refer to the group's Chief Compliance Officer. AREVA guarantees confidentiality and immunity for whistleblowers of good faith.

Anyone receiving an order manifestly contrary to AREVA's Code of Ethics or its compliance policies and procedures may legitimately disobey, must immediately refer the matter to group management to duly record the fact, and cannot be reprimanded on that account if the facts are proven.

SANCTIONS

A deliberate violation of the group's Code of Ethics or compliance policies and procedures may lead to disciplinary action or even a judicial sanction.

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

New AREVA Holding S.A.

Year ended December 31, 2016

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

ERNST & YOUNG et Associés

New AREVA Holding S.A.

Year ended December 31, 2016

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholder,

In our quality as an independent verifier, accredited by the COFRAC¹, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of New AREVA Holding S.A., we hereby present our report on the consolidated social, environmental and societal information established for the year ended December 31, 2016, presented in the management report, hereinafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company's internal social and environmental reporting protocols (the "Criteria"), a summary of which is provided in the management report.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession and the provisions of article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);

¹ Scope available at www.cofrac.fr

- to express a limited assurance on whether the CSR Information is fairly presented, in all material aspects, in accordance with the Criteria (Opinion on fairness of CSR Information)
- to express, at the request of the company, a reasonable assurance on whether the scope 1 greenhouse gas emissions identified by the sign ✓ in chapter 6 and Appendix 7.9 of the management report is presented, in all material respects, in accordance with the Criteria.

Our verification work was undertaken by a team of five people between September 2016 and April 2017 for an estimated duration of twenty weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent verifier performs its mission and, concerning the opinion on fairness, in accordance with the international standard ISAE 3000².

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions of article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidation scope, namely the entity and its subsidiaries under the meaning of the Article L.233-1, and the companies which it controls under the meaning of article L.233-3 of that same code, with the limitations specified in the methodological note presented in Appendix 4 of the Reference Document.

Conclusion

Based on this work, we confirm the presence in the management report of the required CSR information.

² ISAE 3000 – Assurance engagements other than audits or reviews of historical information

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook interviews with about ten people responsible for the preparation of CSR Information in the different departments charged with information gathering and responsible for internal control processes and risk management to:

- assess the appropriateness of the Criteria as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector;
- verify the implementation of the process for the collection, compilation, treatment and control of the CSR Information for its completeness and consistency, as well as obtain an understanding of internal control and risk management procedures related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the company's characteristics, its orientations in terms of sustainable development and sectorial best practices.

For the CSR Information which we considered the most important³:

-at the level of the consolidating entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and data compilation, and we verified their coherence and consistency with the other information contained in the management report□ ;

-at the level of a representative selection of entities and sites which we chose⁴, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations and linking them with supporting documentation. The sample selected represented on average 35% of the total workforce and between 40% and 67% of the quantitative environmental information⁵, that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

³**Social information:** employment (total headcount and breakdown, hiring and terminations), work accidents, notably their frequency and their severity, as well as occupational diseases, diversity and equality of treatment and opportunities (measures undertaken for gender equality, employment, inclusion of disabled people, anti-discrimination policies and actions).

Environmental and Societal information: general environmental policy (number of sites ISO 14001 certified), measures to prevent, reduce or compensate for air emissions (VOC emissions), recycling and waste management (tons of conventional waste), sustainable use of resources and climate change (energy consumption, water consumption, greenhouse gas emissions), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors.

⁴ Areva NC La Hague, Areva NC Pierrelatte, la Société d'enrichissement du Tricastin (SET) and SOCATRI (France), Areva Resources Canada (ARC - Canada), COMINAK (Nigeria)

⁵ Coverage for environmental information: Energy – 67 %, Water consumption – 58 %, Waste – 64 %, Greenhouse gas emissions (scope 1) – 44 %, VOC emissions – 40%

Finally, we assessed the relevance of the explanations given in the event of the partial or total absence of certain information.

We consider that the sample methods and the size of the samples that we considered, by exercising our professional judgment, allow us to express a limited assurance on the CSR Information; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been presented sincerely, in compliance with the Criteria.

3. Reasonable assurance on a selection of CSR Information

Nature and scope of work

Concerning scope 1 greenhouse gas emissions identified by the sign ✓ in chapter 6 and Appendix 7.9 of the management report, we conducted work similar to that described in paragraph 2 above for the CSR Information considered the most important, but in a more in-depth manner, in particular as concerns the number of tests.

We consider that this work allows us to express a reasonable assurance on this information.

Conclusion

In our opinion, scope 1 greenhouse gas emissions identified by the sign ✓ in chapter 6 and Appendix 7.9 of the management report are presented, in all material aspects, in accordance with the Criteria.

Paris-La Défense, April 28, 2017

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Christophe Schmeitzky
Partner, Sustainable Development

Bruno Perrin
Partner

7.10 Report of the Chairman of the Board of Directors on the conditions for preparing and organizing the work of the Board of Directors and on internal control and risk management procedures

NEW AREVA HOLDING

Business corporation capitalized at 52,830,555 euros

Registered office: 1, place Jean Millier – Tour AREVA – 92400 Courbevoie – France

Nanterre business register 330 956 871

REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

**ON THE CONDITIONS FOR THE PLANNING AND ORGANIZATION OF THE WORK OF THE BOARD OF
DIRECTORS AND ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES**

Year ended December 31, 2016

In accordance with the provisions of article L. 225-37 of the Commercial Code, were hereby present to you the report of the Chairman of the Board summarizing in particular the composition of the Board of Directors and the conditions for the planning and organization of its work as well as the internal control and risk management procedures set up by the New AREVA Holding company ("the Company").

The work and reviews related to the preparation of this report were also submitted to the statutory auditors.

1. CORPORATE GOVERNANCE

As preliminary comments, it should be noted that:

- from January 1 to November 3, 2016, the Company had formed a simplified joint-stock company and that, by a decision of the shareholders dated November 3, 2016, the Company was converted into a limited liability company with a Board of Directors;
- within the context of the implementation of the AREVA group's restructuring plan, the AREVA SA company contributed to the Company all of its assets and liabilities related to the nuclear fuel operations as referred to in the agreement for partial contribution of assets signed on August 30, 2016, including its bond debt maturing in 2017. This contribution was executed on November 10, 2016;
- as this contribution includes bonds admitted for trading on a regulated market, the Company, in its capacity as an issuer of securities, is henceforth subject to the provisions of article L. 225-37 of the Commercial Code related in particular to the obligation to draw up this report;
- pending the completion of the capital increase reserved for the State as described in paragraphs 1.1 of the Company's annual activity report, simplified governance of a transitional nature was set up for the Company.

In view of its status as an issuer of debt instruments admitted for trading on a regulated market, the Company is henceforth required, in accordance with article L. 225-37-2 of the Commercial Code, to voluntarily defer to a code of corporate governance developed by bodies representative of businesses or, failing that, to indicate the rules adopted in addition to the legal requirements and to explain the reasons for not following any of the provisions of this code of corporate governance.

To the extent that:

- the change of status from non-issuer to issuer occurred very recently;
- the Company is subject to a report on its governance only on account of the issuance of debt instruments admitted for trading divided equally among a few creditors; and/or
- the governance is transitional in nature pending the completion of the above-mentioned capital increase,

the Company adhered to the principles and recommendations of its parent company in matters of corporate governance for the financial year of 2016, inasmuch as they apply to it.

2. PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

2.1. Management method and composition of the Board of Directors

2.1.1. General rules related to the composition of the Board of Directors

The Company functions according to the "monist method", i.e. with a Board of Directors as opposed to a Supervisory Board and an Executive Board.

In accordance with article 14 of the Articles of Association, the Company is run by a Board of Directors composed of at least three members and at most eighteen members, subject to statutory dispensations.

The members of the Board of Directors serve a term of four years, bearing in mind that the terms of the first members of the Board of Directors will end after the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2019.

The duties of a member of the Board of Directors expire at the end of the Ordinary General Meeting convened to approve the financial statements for the year ended and held during the year of expiration of said member's term.

The members of the Board of Directors appointed by the General Meeting of Shareholders may be dismissed at any time by them.

Any term of office of a member of the Board of Directors may be renewable.

2.1.2. Changes in the composition of the Board of Directors in 2016

On November 3, 2016, the Extraordinary General Meeting of the Company decided to convert the Company into a limited liability company with a Board of Directors, to adopt new Articles of Association, and to appoint Messrs. François Nogué, Eric Chassard and Guillaume Dureau as directors of the Company.

That same day, the Company's Board of Directors appointed Mr. François Nogué as Chairman and Chief Executive Officer of the Company.

The biographies of the members of the Board of Directors appear hereunder.

Mr. François Nogué

The first part of Mr. François Nogué's career was spent with the Framatome group, where he performed the duties of Director of Human Resources from the end of 1991 to the end of 1998. He then joined SNCF as Senior Vice President of Human Resources Management before taking on operational duties as Regional Director Paris-East, then Paris-North.

In June 2006, he was named Assistant Chief Executive Officer of Cohesion and Human Resources and a member of the Executive Committee of the SNCF group.

Mr. François Nogué was appointed Senior Executive Vice President of Human Resources of the AREVA group and a member of the Executive Committee on March 1, 2015.

Since July 1, 2016, Mr. François Nogué has performed the duties of Senior Executive Vice President of Human Resources, Communications, Property and Work Environment of the AREVA group.

Mr. Eric Chassard

Mr. Eric Chassard was a neutronics and thermo-hydraulics engineer with the Commissariat à l'Énergie Atomique (CEA) at Saclay. He then held a number of positions, including manager of operations and safety & products engineer with the Tritium Division of the AREVA Marcoule plant, and project manager for projects involving the Celestin reactors and the la Hague plant.

From 2002 to 2003, Mr. Eric Chassard served as safety & quality engineer at the MELOX plant, then Director of Productivity Improvement at that same plant from 2003 to 2007.

In 2007, he was appointed manager of Fuel operations at SGN and in 2009 became Director of Shaw AREVA MOX Services, LLC.

In June 2012, Mr. Eric Chassard was named Deputy Director of the Engineering & Projects Department, then Director of Engineering & Projects on March 1, 2014.

Since July 1, 2016, Mr. Eric Chassard has served as Director of Performance for the AREVA group and Senior Executive Vice President of the AREVA Projects Business Unit and member of the Executive Committee of the AREVA group.

Mr. Guillaume Dureau

Mr. Guillaume Dureau is a Public Inspector of Finance and holds diplomas from the École Polytechnique, the École nationale de la statistique et de l'administration économique (ENSAE, school of statistics and economic administration) and the École des hautes études en sciences sociales (EHESS, school of higher studies in the social sciences).

He began his career in 1988 as an economist with the Institut national de la statistique et des études économiques (INSEE, national institute of statistics and economic studies).

From 1992 to 2002, he worked at the Ministry of Economy and Finance, first in the Budget Office, then starting in 1998 in the Service de l'Inspection générale des finances (Office of the Inspectorate-General of Finance), where he was appointed deputy to the Office Director in 2001.

In 2002, he joined AREVA as Director of Strategy and Internal Audit of Framatome ANP then, in 2004, he was appointed Director of Mergers and Acquisitions Strategy for the AREVA group.

In 2006, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Equipment Business Unit and also became a member of the Board of Directors of ETC, a joint subsidiary of Urenco and AREVA, of which he became Chief Executive Officer in 2010.

On January 1, 2013, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Front End Business Group.

On March 3, 2015, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Back End Business Group and a member of the AREVA group's Executive Committee.

On July 1, 2016, Mr. Guillaume Dureau was appointed Senior Executive Vice President of the Customers, Strategy, Innovation and R&D Department (CSIR).

2.1.3. Members of the Board of Directors at December 31, 2016

The members of the Board of Directors are:

- Mr. François Nogué (Chairman and Chief Executive Officer);

- Mr. Eric Chassard (Director);
- Mr. Guillaume Dureau (Director).

Their respective terms will expire at the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2019.

2.1.4. Rules and principles decided upon by the Board of Directors to determine the compensation and benefits of any kind granted to corporate officers

The officers of the Company do not receive any compensation or benefits of any kind for performing their corporate officer duties in the Company.

2.1.5. To our knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors as regards the Company and their private interests.

2.1.6. To our knowledge, no arrangement exists or agreement has been signed with shareholders, customers, suppliers or others by which a member of the Board of Directors was appointed to that capacity or as Chief Executive Officer.

2.1.7. To our knowledge, no member of the Board of Directors of our Company has been sentenced for fraud in the past five years; has been officially incriminated and/or sanctioned by a statutory or regulatory authority; or has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from intervening in the management or conduct of the business of an issuer over the past five years.

2.2. Responsibilities and functioning of the Board of Directors

2.2.1 Responsibilities

The responsibilities of the Board of Directors and the planning and organization of its work are defined in the framework of legislative and regulatory provisions governing limited liability companies and in the Articles of Association of the Company.

The Board of Directors determines the direction of the Company's activities and oversees its implementation. Except for the powers expressly assigned to the General Meetings of Shareholders, and within the limits of the Company's purpose, it may take up any matter concerning the Company's operations and, through its resolutions, rules on matters concerning it.

At any time of the year, the Board of Directors carries out verifications and controls as it deems necessary and has the documents it considers useful to the accomplishment of its responsibilities sent to it.

Each year, the Board of Directors approves the annual financial statements and, as applicable, the consolidated financial statements and draws up the management report thereon, which it presents to the Annual General Meeting of Shareholders. It convenes the Annual General Meeting of Shareholders.

It authorizes the agreements referred to article L. 225-38 of the Commercial Code, with the exception of those referred to in article L. 225-39 of the Commercial Code.

The performance of its duties by the Board of Directors is organized around three major principles: its administration, review and precaution duties.

As the Company has financial instruments admitted for trading on a regulated market, and pursuant to the provisions of article L. 823-19 of the Commercial Code, it is in principle required to set up a specialized committee acting under the responsibility of the Board of Directors charged with following up matters related to the development and control of accounting and financial information.

However, article L. 823-20 (1) of the Commercial Code provides that controlled persons and entities under the meaning of article L. 233-16 are in particular exempted from the obligations mentioned in article L. 823-19 of the Commercial Code when the person or entity controlling them is itself subject to the provisions of article L. 823-19 of the Commercial Code.

As the Company is controlled by the AREVA SA company under the meaning of article L. 233-16 of the Commercial Code and as AREVA SA is subject to the provisions of article L. 823-19 of the Commercial Code, the Company benefits from the exemption provided by article L. 823-20 (1) of the Commercial Code and is exempted from the obligation to establish a specialized committee to follow up matters related to the development and control of accounting and financial information.

Matters related to the development and control of the Company's accounting and financial information are thus dealt with directly by the Audit and Ethics Committee of AREVA SA.

The Company will establish this committee once the capital increase reserved for the State has been completed as described in paragraphs 1.1. of the Company's annual activity report.

2.2.2 Concurrent duties of Chairman of the Board and Chief Executive Officer

Under the provisions of article L. 225-51-1 of the French Commercial Code, the Board of Directors opted to combine the duties of Chairman of the Board of Directors and of Chief Executive Officer, with Mr. François Nogué performing the duties of Chairman of the Board and Chief Executive Officer of the Company.

The powers of the Chairman and Chief Executive Officer are described in paragraph 2.4 hereunder.

2.2.3 Meetings

The Board of Directors meets as often as the interests of the Company require and at least four six times per year. The directors have the possibility of being represented by another director at meetings of the Board of Directors. Each director may represent only one of his or her colleagues during the same session of the Board.

Meetings of the Board of Directors are chaired by the Chairman, who leads the discussions, or in his absence by the Vice Chairman as appropriate or, in the absence of the latter, by a member of the Board of Directors designated at the beginning of the meeting by a simple majority of the members present.

2.2.4 Code of ethics of the directors

The director shall perform his or her duties with independence, integrity, uprightness and professionalism.

AREVA has defined and implements fundamental commitments regarding the conduct of its operations. The environment for internal controls is based on these commitments, among others.

Pursuant to the initiative launched at the end of 2015 by the Chief Executive Officer of the AREVA group and with the full support of its governance bodies, the group continued to deploy a program to

strengthen compliance and professional ethics. The initiative, the first phase of which is expected to last eighteen months, reflects AREVA's commitment to rising quickly to the level of the best references in this field. Within this framework, the alerting system was strengthened starting at the end of 2015 and an "individual compliance commitment letter" process was instituted for all of the group's executives.

In 2016, the Director of Compliance of the AREVA group led the annual report process on compliance with the Code of Ethics and presented the 2015 executive summary of the report to the Audit and Ethics Committee of the Board of Directors of AREVA SA.

To improve existing systems, the Director of Compliance of the AREVA group published a Code of Ethics in 2016 to replace the old Values Charter and a Compliance Policy governing its implementation. The Code of Ethics is the reflection of the group's culture of compliance and the expression of its commitments, especially as regards sustainable development and respect for human rights. It sets forth the group's commitments and expectations with regard to its stakeholders, and the action principles and rules of conduct which apply to all of the group's executives and employees as well as to the members of the Board of Directors. In the Code of Ethics, which is available on the intranet, the group also reiterates its commitment to fighting corruption.

In addition, the Director of Compliance of the AREVA group put in place an anti-corruption compliance policy, a competition legislation and regulation compliance policy, a financial compliance and ethics policy, and an insider trading rules compliance policy.

As the Company is a subsidiary of the AREVA group, it and its managers are subject to the rules and procedures put in place by the AREVA group as concerns compliance and professional ethics.

2.2.5. Principle of balanced representation of men and women on the Board of Directors

Pursuant to article L. 225-37 of the Commercial Code, we hereby inform you that balanced representation of men and women on the Board has not yet been put in place by the Company in view of the transitional nature of the current governance, as noted in paragraph 1 above.

2.3. Work of the Board of Directors

The Board of Directors met twice in 2016, on November 3, 2016 and on November 10, 2016. The attendance rate of the directors was 66%.

Prior to November 3, 2016, as the Company was in the form of a simplified joint-stock company, management decisions were the prerogative of the Chairman.

The work of the Board of Directors in 2016 concerned the following points in particular:

- Appointment of the Chairman and Chief Executive Officer: As a result of the Company's conversion into a limited liability company with a Board of Directors by decision of the partners dated November 3, 2016, the directors of the Company met on that same date to appoint Mr. François Nogu  as Chairman and Chief Executive Officer of the Company.
- Recording of the completion of the partial asset contribution related to the nuclear fuel cycle operations: The Board of Directors, making use of the delegation of authority granted by the Extraordinary General Meeting of the Company on November 3, 2016, meeting on November 10, 2016, recorded (i) the fulfillment of the conditions precedent stipulated in the partial asset contribution agreement signed between AREVA SA and the Company related to the contribution by AREVA SA to the Company of all of its assets and liabilities related to the nuclear fuel cycle operations, as referred to in the contribution agreement, and consequently (ii) the final

execution of that contribution, of the capital increase resulting from it and of the correlative change in the Company's Articles of Association.

- Approval of the signature of Niagara documents: On November 10, 2016, the Board of Directors approved the stipulations of draft documents related to the Niagara financing subscribed by the Société d'Enrichissement du Tricastin, i.e. the drafts of a subordination agreement, of a cash pooling agreement, of a direct agreement and of a debt pledge agreement, and authorized their signature by the Company.

2.4. Powers of the Chairman of the Board and of the Chief Executive Officer

As the Board of Directors opted to combine the functions of Chairman of the Board of Directors and of Chief Executive Officer, Mr. François Nogu  exercises the powers devolved upon the Chairman of the Board and the Chief Executive Officer by the applicable legal and regulatory provisions and the Articles of Association.

In accordance with his duties as Chairman of the Board of Directors, he organizes and directs the latter's work, on which he reports to the General Meeting of Shareholders. He oversees the proper functioning of the Company's bodies and in particular ensures that the members of the Board of Directors are able to fulfill their responsibilities.

Meetings of the Board of Directors are chaired by the Chairman, who leads the discussions or, in the event of his absence, by the Vice Chairman or, in the absence of the latter, by a member of the Board of Directors designated at the beginning of the meeting by a simple majority of the members present.

The Chairman provides liaison between the Board of Directors and the Company's Shareholders, in concert with Management.

In accordance with his duties as Chief Executive Officer, he is responsible for the Company's Management and represents the Company in its relations with third parties.

The broadest powers are vested in him to act in all circumstances on behalf of the Company, subject to the powers which the law assigns to the Board of Directors and to the General Meeting of Shareholders.

3. SHAREHOLDER ATTENDANCE AT GENERAL MEETINGS

General Meetings of Shareholders are convened and deliberate as provided by law.

A duly convened General Meeting shall be deemed to represent all of the shareholders.

Resolutions of the General Meeting made in compliance with the law and with the Articles of Association are binding on all of the shareholders, even those who are absent, dissenting or incapable.

Any shareholder may attend General Meetings in person or by proxy under the conditions prescribed by law upon presenting proof of his or her identity and registering his or her shares on the day of the General Meeting in the registered share account maintained by the Company.

In the event of the subdivision of share ownership, only the voting right holder may attend or be represented at the General Meeting.

Joint owners of undivided shares are represented at the General Meeting by one of the joint owners or by a single proxy who shall be designated, in the event of disagreement, by order of the President of the Commercial Court in an urgent ruling at the request of any of the joint owners.

Any shareholder may be represented by another shareholder, by his or her spouse, or by the partner with which he or she has signed a civil solidarity pact.

The General Meeting is chaired by the Chairman of the Board of Directors. In the absence of the latter, it elects its own chairman.

In the event that it is convened by the Statutory Auditor(s), by a court-appointed receiver or by the liquidators, the General Meeting is chaired by the person or by one of the persons who convened it.

The two members of the General Meeting attending and accepting which have the largest number of votes fulfill the duties of vote teller.

The committee thus constituted appoints a Committee Secretary, who may come from outside the members of the General Meeting.

An attendance sheet maintained in accordance with the regulatory conditions is signed by the shareholders present or their representatives and certified to be accurate by the members of the committee.

The committee ensures the functioning of the General Meeting, but its decisions may, at the request of any member of the General Meeting, be subject to the sovereign vote of the General Meeting itself.

Resolutions of General Meetings are recorded in minutes signed by the members of the committee and drawn up on a special register kept at the registered office, with a serial mark and initialed per the conditions stipulated in the applicable regulations.

4. CAPITAL STRUCTURE AND PRINCIPLE ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to article L. 225-37 (9) of the Commercial Code, we hereby inform you that as the shares of the Company are not admitted for trading on a regulated market, the provisions of article L. 225-100-3 of the Commercial Code are not applicable.

5. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Internal control and risk management are defined as a process led by management in compliance with the rules and procedures of the AREVA group, to which the Company belongs. It is implemented by the managers and personnel of the AREVA group and is intended to provide reasonable assurance as to the fulfillment and optimization of operations, the feasibility of financial transactions, and compliance with applicable laws and regulations.

One of the objectives of the internal control system is to prevent and manage the risks arising from the Company's operations and the risks of error or fraud, in particular in the accounting and financial fields. As with any system of control, it cannot however provide an absolute guarantee that those risks are eliminated.

As the Company is a subsidiary of the AREVA group, it is subject to the rules and procedures issued by AREVA SA regarding accounting, financial reporting, internal control and risk management. The scope of activity of the Risk and Internal Audit Department of the AREVA group extends to the Company.

The Company applies the internal control procedures related to the development of the financial statements and to the treatment of the financial and accounting information of the AREVA group as

described in the report of the Chairman of the Board of Directors of AREVA SA on corporate governance and internal control and risk management procedures, to which we invite you to refer. It appears in Appendix 1 of the 2016 Reference Document of AREVA SA filed April 11, 2017 with the AMF and may be consulted on the AMF website or the AREVA SA website.

6. FINANCIAL RISKS RELATED TO THE EFFECTS OF CLIMATE CHANGE AND MEASURES TAKEN TO REDUCE THEM BY SETTING UP A LOW-CARBON STRATEGY IN ALL COMPONENTS OF THE BUSINESS

As the Company is a subsidiary of the AREVA group, it applies the measures set up by the AREVA group to reduce the effects of climate change and the low-carbon strategy adopted by it in all of the components of its business. Those measures are described in the report of the Chairman of the Board of AREVA SA on corporate governance and internal control and risk management procedures, to which we invite you to refer. It appears in Appendix 1 of the 2016 Reference Document of AREVA SA filed April 11, 2017 with the AMF and may be consulted on the AMF website or the AREVA SA website.

Courbevoie
April 28, 2017

Mr. François Nogué
Chairman of the Board of Directors and Chief Executive Officer

BUSINESS ADDRESSES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Mr. François Nogué

Chairman and Chief Executive Officer

AREVA Tower – 1 place Jean Millier
92084 Paris-La Défense Cedex, France

Mr. Eric Chassard

Director

AREVA Tower – 1 place Jean Millier
92084 Paris-La Défense Cedex, France

Mr. Guillaume Dureau

Director

AREVA Tower – 1 place Jean Millier
92084 Paris-La Défense Cedex, France

7.11 Statutory Auditors' report on the corporate financial statements

NEW AREVA HOLDING

(Formerly Compagnie d'Etude et de Recherche pour
l'Energie – CERE)

Statutory auditors' report on the annual financial statements

For the year ended December 31, 2016

NEW AREVA HOLDING

Head office : Tour Areva - 1 place Jean Millier - 92400 Courbevoie
Limited company (Société anonyme) with a capital of 52 830 555 €
RCS: Nanterre 330 956 871

Statutory auditors' report on the annual financial statements

For the year ended December 31, 2016

Statutory auditors' report on the annual financial statements

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in the French and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the annual financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by a shareholders' resolution, we hereby report to you, for the year ended December 31, 2016, on:

- The audit of the accompanying financial statements of New Areva Holding;
- The justification of our assessments;
- The specific verifications and information required by law.

These financial statements have been approved by the Board of directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.2 of the financial statements regarding the Company's liquidity situation, the implementation of the Group's restructuring project and in particular, the carve-out of the nuclear cycle activities within New AREVA Holding.

II - Justification of our assessments

Accounting estimates contributing to the production of the financial statements have been made under the terms described in Note 1.2 to the financial statements. Within this framework, and in accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Participating interests were valued in accordance with the accounting methods described in Note 1.3 to the financial statements entitled "Accounting policies, rules and methods – Long-term investments" and Note 2.1 entitled "financial assets". As part of our audit, we reviewed the procedures for executing the valuation of those long-term investments and assessed the consistency of the underlying assumptions with the forecasted data of these entities concerned. We also verified the appropriateness of the abovementioned information provided in the notes of the financial statements.
- In the frame of our assessment on the going concern assumption, we examined the Company's liquidity situation detailed in Note 1.2 to the financial statements. We acknowledged the cash flow forecasts, the debt repayment schedules, the current credit lines and the related covenants, as well as the future capital increase transactions and the related conditions and shareholders' commitments.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verifications and information required by law

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Except for the possible impact of the facts set out in the first part of this report, we have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

MAZARS
61, rue Henri Regnault
92400 Courbevoie

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie-Paris-La Défense 1

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Courbevoie - Paris La Défense, May 3, 2017

The statutory auditors
French original signed by

MAZARS

ERNST & YOUNG Audit

Jean-Louis Simon

Olivier Thireau

Aymeric de La
Morandière

Jean Bouquot

7.12 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

New Areva Holding

(formerly Compagnie d'Etude et de Recherche pour l'Energie – CERE)

Year ended 31 December 2016

Statutory auditor's report on the consolidated financial statements

MAZARS
61, rue Henri Regnault
92075 Paris-La Défense Cedex
S.A. au capital de €8.320.000

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

New Areva Holding

Year ended 31 December 2016

Statutory auditor's report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by a shareholders' resolution, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of New Areva Holding;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit. These consolidated financial statements have been prepared for the first time in accordance with International Financial Reporting Standards as adopted by the European Union. We note that since your company did not previously have to provide consolidated financial statement, the accounts for the financial year 2015 have not been certified.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in the following notes to the consolidated financial statements:

- Note “Introduction” which sets out the context of New Areva Holding group incorporation, as well as the basis for preparation of the consolidated financial statements used to the partial business transfer from Areva to New Areva Holding ;
- Notes 1.1 and 24, which set out the liquidity situation and the information relating to the application of the going concern principle;
- Notes 1.3.17 and 13, which set out the methods for valuation of the provisions for end-of-cycle operations, and their sensitivity to the assumptions used in terms of technical procedures, costs, outflows schedules and inflation and discount rates;

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- In the framework of our assessment of the going concern approach, we examined the Group’s liquidity situation detailed in notes 1.1 and 24 to the consolidated financial statements. We acknowledged the cash flow forecasts, the debt repayment schedules, the current credit lines and the related covenants, as well as the future capital increase transactions and the related conditions and shareholders’ commitments;
- Goodwill, intangible assets and property, plant and equipment have been tested for impairment according to the principles and assumptions described in notes 1.3.8, 10, 11 and 12 to the consolidated financial statements. We examined the methods used to perform these tests and assessed the consistency of the assumptions used with the Group’s forecast data and the approach used to estimate the fair value of some mining assets. We also verified that the notes to the consolidated financial statements provide appropriate disclosures;
- Deferred tax assets were analysed according to the methods described in Notes 1.3.22 and 8 to the consolidated financial statements. We examined the conditions for implementing this analysis and assessed the consistency of the assumptions used to value these deferred tax assets with the Group’s forecast data. We also verified that the notes to the consolidated financial statements provide appropriate disclosures;
- The provisions for end-of-life cycle operations were measured according to the methods described in notes 1.3.17 and 13 to the consolidated financial statements. We reviewed the implementation of these conditions, the assumptions used and the cost estimates obtained, and verified that the notes to the consolidated financial statements provide appropriate disclosures. To offset these provisions, New Areva Holding recognizes financial assets to cover the end-of-life cycle operations which include a dedicated portfolio composed of directly held shares and units of equity and bond mutual funds. The portfolio management objectives and measurement principles are described in Note 13 to the consolidated financial statements. We assessed the appropriateness of the methods used and the measurement of the provisions for impairment of the financial assets;
- The accounting principles relating to employee benefits are described in Notes 1.3.15 and 22 to the consolidated financial statements. We assessed the appropriateness of the methods used and reviewed the measurement of the hedging assets at market value;

- Provisions for risks, litigation and contingent liabilities are described in Notes 23 and 32 to the consolidated financial statements. We examined the existing procedures for the identification, evaluation and presentation in the accounts of New Areva Holding's risks, litigation and contingent liabilities. We also verified that the main disputes identified during the implementation of these procedures are described appropriately in the notes to the consolidated financial statements.

As referred to in Note 1.2 to the consolidated financial statements, several items mentioned in the preceding paragraphs are based on assumptions whose actual results may differ from current estimates. These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

Except for the possible impact of the facts set out in the first part of this report, we have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, 3 May 2017

The Statutory Auditors

French original signed by

MAZARS

ERNST & YOUNG Audit

Olivier Thireau

Jean-Louis Simon

Aymeric de La Morandière

Jean Bouquot

7.13 Statutory Auditors' special report on regulated agreements and commitments

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.
This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France*

New Areva Holding

(formerly Compagnie d'Etude et de Recherche pour l'Energie – CERE)

Year ended 31 December 2016

Statutory auditors' report on related party agreements and commitments

MAZARS
61, rue Henri Regnault
92075 Paris-La Défense Cedex
S.A. au capital de €8.320.000

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

New Areva Holding

General Meeting of Shareholders to approve the financial statements for the year ended 31 December 2016

Statutory auditors' report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions as well as the grounds justifying the benefit to the company of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

We hereby inform you that we have not been notified of any agreements and commitments concluded during the year ended December 31, 2016 to be submitted to the Annual General Meeting in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements and commitments already approved by the General Meeting of Shareholders

We hereby inform you that we have not been notified of any agreements and commitments approved by the General Meeting of Shareholders in prior years, which were continued during the year.

Courbevoie and Paris-La Défense, 3 May 2017

The Statutory Auditors

French original signed by:

MAZARS

ERNST & YOUNG Audit

Olivier Thireau

Jean-Louis Simon

Aymeric de La Morandière

Jean Bouquot

7.14 Report of the statutory auditors on the report of the Chairman of the Board of Directors

NEW AREVA HOLDING

(Formerly Compagnie d'Etude et de Recherche pour
l'Energie – CERE)

Statutory Auditors' report prepared in
accordance with article L. 225-235 of the French
Commercial Code (Code de Commerce) and
dealing with the report of the Chairman of
the Board of directors of New Areva Holding

Financial year ended 31/12/2016

*This is a free translation into English of a report issued in
French and is provided solely for the convenience of English-
speaking readers. This report should be read in conjunction
with, and is construed in accordance with, French law and
professional auditing standards applicable in France.*

NEW AREVA HOLDING

Head office : Tour Areva – 1, place Jean Millier - 92400 COURBEVOIE
Limited company (Société anonyme) with a capital of 52 830 555 €
RCS: Nanterre 330 956 871

Statutory Auditors' report prepared in
accordance with article L. 225-235 of the French
Commercial Code (Code de Commerce) and
dealing with the report of the Chairman of
the Board of directors of New Areva Holding

Financial year ended 31/12/2016

Statutory Auditors' report prepared in accordance with article L. 225-235 of the French Commercial Code (Code de Commerce) and dealing with the report of the Chairman of the Board of directors of New Areva Holding

To the Shareholders,

In our capacity as Statutory Auditors of New Areva Holding and in accordance with article L. 225-235 of the French Commercial Code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code for the financial year ending 31/12/2016.

The Chairman is responsible for preparing and submitting for the approval of the Board of directors a report describing the internal control and risk management procedures implemented by the company and disclosing other information as required by article L. 225-37 of the French Commercial Code dealing in particular with corporate governance.

Our own responsibility is to:

- Communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- Attest that the report includes the other disclosures required by article L. 225-37 of the French Commercial Code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

INFORMATION RELATING TO THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IN THE AREA OF THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- Obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;
- Obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation;
- Determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of directors prepared in accordance with article L. 225-37 of the French Commercial Code.

OTHER DISCLOSURES

We hereby attest that the report of the Chairman of the Board of directors includes the other disclosures required by article L. 225-37 of the French Commercial Code.

Drawn up in Courbevoie and Paris-La Défense, on May 3, 2017

The statutory auditors

French original signed by

MAZARS

ERNST & YOUNG Audit

Jean-Louis Simon

Olivier Thireau

Aymeric de La Morandière

Jean Bouquot