

*This is a free translation into English, made by AREVA, of the "commissaires à la scission" 's report issued in French which is provided solely for the convenience of English speaking users. In the event that any difference of interpretation should arise, the French version shall prevail.*

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**PARTIAL CONTRIBUTION OF ASSETS  
UNDER THE DEMERGER REGIME  
BY AREVA  
TO NEW AREVA HOLDING**

**REPORT OF THE CONTRIBUTION APPRAISERS  
ON THE VALUE OF THE CONTRIBUTION**

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**General Meeting of the Shareholders of NEW AREVA HOLDING**

To the Shareholders of NEW AREVA HOLDING

In fulfilment of the assignment entrusted to us by Ordinance of the President of the Commercial Court of Nanterre dated 11 July 2016, concerning the partial contribution of assets under the dermerger regime, to be performed by AREVA in favour of NEW AREVA HOLDING, we have drawn up this report on the value of the contribution pursuant to Article L225-147, referred-to in Article L236-10 of the Commercial Code, it being stated that we have made a separate report on the consideration for the contributions.

The value of the contribution was finalised in the Agreement for the partial contribution of assets under the dermerger regime, which Agreement was signed by the representatives of the companies concerned on 30 August 2016 (hereafter, the “Contribution Agreement”).

Our task is to express an opinion as to whether the value of the contribution has not been overestimated. To this end, we conducted our investigations as prescribed by the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* [French auditors’ national professional body] applicable to this assignment. Those standards require us to conduct investigations to appraise the value of the contribution, to satisfy ourselves both that they are not overestimated and that their value is no lower than the nominal value of the shares to be issued by the beneficiary company of the contribution as increased by the contribution premium.

Our assignment comes to an end with the filing of our report. We are not required to update it in the light of events and circumstances subsequent to the date of its signature.

We would ask you to acquaint yourselves with our observations and findings set out below, according to the following outline:

- 1 – Overview of the transaction and description of the contribution**
- 2 – Investigations and appraisal of the value of the contribution**
- 3 – Summary of the facts**

## 4 – Conclusion

# **1. OVERVIEW OF THE TRANSACTION AND DESCRIPTION OF THE CONTRIBUTION**

## **1.1. Background to the transaction**

On 15 June 2016, AREVA published a press release explaining the terms and procedures for its planned reorganisation, featuring the creation of a new entity refocusing on the nuclear fuel cycle.

Under this scheme, AREVA wishes to contribute the following to NEW AREVA HOLDING the following (hereafter, the “Contribution”): the assets and liabilities owned by it connected with the nuclear combustion cycle, particularly including its Mining activities (comprising the Mining business unit), Upstream activities (comprising the Chemical & Enrichment business unit) and Downstream activities (comprising the Recycling, Dismantling & Services and Logistics business units), its bond debt maturing as from 2017 and the related central management entities (hereafter, the “Transferred Activity”). As consideration for its intended Contribution, AREVA shall receive shares newly issued by NEW AREVA HOLDING.

AREVA shall not, among others, contribute to NEW AREVA HOLDING the activities relating to reactors and renewable energy sources, propulsion and research reactors.

The Contribution shall be completed on the date when the conditions precedent prescribed in the Contribution Agreement have all been fulfilled (hereafter, the “Completion Date”), as set out in paragraph 1.5 below.

After the Contribution, NEW AREVA HOLDING is intended to receive capital financing from the French State and from strategic investors of a contemplated total amount of three billion euros (€3bn).

Upon completion of the Contribution and upon provision of the capital financing referred-to in the previous paragraph, and as announced by AREVA, the French State “*will hold not less than 2/3 of the capital of NEWCO (NEW AREVA HOLDING) directly or via AREVA SA, alongside the strategic shareholders*” (AREVA press release of 30 August 2016).

As stated in the recitals to the Contribution Agreement, “*These transactions are subject to the approval of the European Commission pursuant to European regulations on State subsidies. For this purpose, the French State formally notified them [those transactions] to the European Commission on 29 April 2016. On 20 July 2016, the European Commission notified the French State of a decision to formally begin the examination procedure. This decision was published as a press release by the European Commission on 19 July 2016. As at the date hereof, this procedure is pending.*”.

## **1.2. Companies concerned by the transaction**

### **1.2.1. AREVA (the contributing company)**

AREVA is a société anonyme [public limited company] in French law, with a board of directors. Its registered office is situated at 1 place Jean Millier, Tour AREVA, 92400 COURBEVOIE. It is registered in the Nanterre trade and companies register under number 712 054 923.

AREVA was incorporated on 12 May 1971 for a term expiring on 12 November 2070, unless extended or dissolved earlier.

Its financial year begins on 1 January and ends on 31 December each year.

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The registered capital of AREVA amounts to 1,456,178,437.60 euros, divided into 383,204,852 fully paid-up shares with a nominal value of 3.80 euros each, all of the same class. AREVA has not issued or granted other rights or securities giving access to its share capital.

All the shares in AREVA are listed in the A compartment of the NYSE Euronext regulated market in Paris under the Euroclear code 062059150 and the ISIN code FR 0011027143.

At the date of this report, the shareholdings in AREVA are as follows:

- Commissariat à l’Energie Atomique et aux énergies alternatives [Office for Atomic Energy and alternative energy sources]: 54.37%;
- The French State, 28.83%;
- la Kuwait Investment Authority, 4.82%;
- Other shareholders account for 11.98% of the share capital.

Pursuant to Article 3 of its articles of association, AREVA’s corporate object is “*in France and abroad:*

- *the management of all industrial and commercial activities, in particular in the fields of nuclear energy, renewable energy sources, IT and electronics and notably in this respect:*
  - *entering into any agreements relating to these activities;*
  - *studying any project relating to the creation, extension or transformation of industrial concerns;*
  - *carrying out these projects or contributing to their carrying-out of through all appropriate means, and more specifically, through the taking of interests in any existing or future concerns;*
  - *financing industrial concerns, particularly through the taking of interests in their share capital and the contracting of loans;*
- *taking direct or indirect interests, in any form whatsoever in any companies or concerns, both French and foreign, that carry out financial, commercial, industrial, real estate or moveable property transactions;*
- *the purchase, sale, exchange, subscription and management of any securities, whether held long-term or short-term;*
- *the provision of any services, particularly for the benefit of any companies of the group; and*
- *generally, the realisation of any industrial, commercial, financial, real estate or moveable property operations directly or indirectly related to the foregoing, and which may be conducive to the corporate purpose or facilitate its fulfilment and development.”*

The AREVA group was formed on 3 September 2001 from the merger of two groups directly and indirectly majority-held by CEA-Industrie:

- COGEMA (Compagnie Générale des Matières Nucléaires [nuclear materials undertaking]), which became AREVA NC, the company formed in 1976 to take over most of the activities of the former production division of the Commissariat à l’Energie Atomique [Office for Atomic Energy]: mining, uranium enrichment and reprocessing of spent fuel;

- FRAMATOME, a company formed in 1958, specialising in the design and construction of nuclear plant, in nuclear fuel and the supply of services related to these activities.

For the financial year ended 31 December 2015, AREVA's consolidated revenue came to €4,199 billion, on which the group share of the net loss was €2,038 billion. The group share of its consolidated equity capital came to a negative total of €2,516 billion. At the 2015 financial year-end, the AREVA group employed a workforce of 39,761.

AREVA has issued nine listed bond issues, on which the total debt outstanding at the date of the Contribution Agreement stood at approximately €5.8 billion.

### **1.2.2. NEW AREVA HOLDING (the beneficiary company of the Contribution)**

At the date of this report, NEW AREVA HOLDING is a société par actions simplifiée (simplified joint-stock corporation) in French law, with a sole shareholder. No later than the Completion Date, NEW AREVA HOLDING will be transformed into a société anonyme [French public limited company].

Its registered office is situated at 1 place Jean Millier, Tour AREVA, 92400 COURBEVOIE. It is registered in the Nanterre trade and companies register under number 330 956 871.

NEW AREVA HOLDING was formed on 6 November 1984, with the corporate name COMPAGNIE D'ETUDE ET DE RECHERCHE POUR L'ENERGIE – CERE [energy study and research company], for a term expiring on 6 November 2083 unless extended or dissolved earlier.

Under a resolution of its sole shareholder dated 18 July 2016, the company changed its corporate name to NEW AREVA HOLDING.

Its financial year begins on 1 January and ends on 31 December each year.

At the date of signing the Contribution Agreement, NEW AREVA HOLDING's registered capital amounted to 247,500,000 euros, divided into 16,500,000 fully paid-up shares with a nominal value of 15 euros each, all of the same class. NEW AREVA HOLDING has not issued or granted other rights or securities giving access to its share capital.

Under a resolution of its sole shareholder dated 15 September 2016, the beneficiary company's sole shareholder reduced the share capital of NEW AREVA HOLDING by reducing the nominal value of its shares from 15 euros to 0.50 euro. On completion of this reduction, NEW AREVA HOLDING's share capital will amount to 8,250,000 euros, comprised of 16,500,000 shares with a nominal value of 0.50 euro each.

To date, AREVA, being the contributing company for purposes of this Contribution, holds the whole of the share capital of NEW AREVA HOLDING.

Pursuant to Article 3 of its articles of association, NEW AREVA HOLDING's corporate object is "*in France and abroad:*

- *the management of all industrial and commercial activities, in particular in the fields of nuclear energy, renewable energy sources, IT and electronics and notably in this respect:*
  - *entering into any agreements relating to these activities;*

- *studying any project relating to the creation, extension or transformation of industrial concerns;*
- *carrying out these projects or contributing to their carrying-out of through all appropriate means, and more specifically, through the taking of interests in any existing or future concerns;*
- *financing industrial concerns, particularly through the taking of interests in their share capital and the contracting of loans;*
- *taking direct or indirect interests, in any form whatsoever in any companies or concerns, both French and foreign, that carry out financial, commercial, industrial, real estate or moveable property transactions;*
- *the purchase, sale, exchange, subscription and management of any securities, whether held long-term or short-term;*
- *the provision of any services, particularly for the benefit of any companies of the group; and*
- *generally, the realisation of any industrial, commercial, financial, real estate or moveable property operations directly or indirectly related to the foregoing, and which may be conducive to the corporate purpose or facilitate its fulfilment and development.”*

At the date of this report, NEW AREVA HOLDING carries on business as a holding company and manages a portfolio of marketable securities. In this respect, it holds among others bonds issued by AREVA which are due to mature in 2016 and 2017.

For the financial year ended 31 December 2015, NEW AREVA HOLDING earned no revenue and returned negative net earnings of 137,000 euros. At that date, its equity capital stood at 259.4 million euros. NEW AREVA HOLDING has no employees.

### **1.2.3 Relationship between the companies**

As stated in the previous paragraph, to date, AREVA is the sole shareholder in NEW AREVA HOLDING.

Furthermore, NEW AREVA HOLDING holds bonds issued by AREVA for a total amount of 14 million euros, due to mature in 2016 and 2017.

## **1.3. Description of the transaction**

### **1.3.1. Description of the contribution**

Under the terms of the Contribution Agreement, AREVA intends to contribute to NEW AREVA HOLDING the whole of the assets and liabilities relating to its activity connected with the nuclear combustion cycle, including the Mining, Chemicals/Enrichment and Downstream activities, including the shareholding interests held directly in the subsidiaries listed in Schedule (C) (i) of the Contribution Agreement, and excluding the assets and liabilities specifically excluded from the Contribution, as described in Articles 3.3 and 4.3 of the Contribution Agreement.

An organisation chart listing all the subsidiaries and interests directly or indirectly contributed by AREVA to the NEW AREVA HOLDING is set out in Schedule (C) (ii) of the Contribution Agreement.

The Contribution shall also include the following:

- the cash and cash equivalents considered necessary for carrying on the transferred Activity;
- the bond loans issued by AREVA, except for the loan with a redemption date falling earlier than the Completion Date.

### **1.3.2. Valuation of the contribution**

Under the Contribution Agreement, the terms for the Contribution were laid down on the basis of the interim financial statements of the companies parties to the transaction at 30 June 2016, since for accounting purposes, the Contribution will take effect retroactively at 1 July 2016.

Pursuant to Regulation 2014-03 of the Autorité des Normes Comptables [French accounting standards authority] concerning the *plan comptable général* [general chart of accounts], the Contribution is valued at the net book value of the assets contributed and liabilities transferred as arising from the financial statements of AREVA at 30 June 2016, since AREVA and NEW AREVA HOLDING are regarded as jointly controlled within the meaning of the said Regulation.

On this basis, the net assets contributed amount to 83,888,893.30 euros, breaking down as shown below.

#### **1.3.2.1. Contributed assets**

The assets contributed, as referred-to in Article 3.1 of the Contribution Agreement, break down as shown below. It is understood that such designation is for information purposes only and is not exhaustive, since all the assets connected with the Transferred Activity as at the Completion Date must be transferred to the NEW AREVA HOLDING, irrespective of whether they are listed in this Contribution Agreement, and be transferred in the condition in which they may be on the Completion Date.

##### **a) Long-term investments**

<i>data in euros at 30 June 2016</i>	Gross value	Depreciation / impairment	Net value
Shareholding interests	3,038,343,716.59	(529.127.604,92)	2,509,216,111.67
Loans to affiliates	3,677,531,338.97	(114,093,081.48)	3,563,438,257.49
Other non-current financial assets	7,061,000.00	-	7,061,000.00
<b>Total contributed non-current assets (A)</b>	<b>6,722,936,055.56</b>	<b>(643,220,686.40)</b>	<b>6,079,715,369.16</b>



Schedule 3.1 (A) of the Contribution Agreement breaks down the long-term investments contributed, the main constituents of which are as follows:

- the AREVA MINES shares, having a net value of 1,951,193,656.81 euros;
- the AREVA NC shares, having a net value of 523,291,601.30 euros;
- a loan to an affiliate, SET, being a subsidiary of AREVA NC, having a net value of 1,834,159,126.21 euros;
- a loan to an affiliate, AREVA RESOURCES CANADA, a subsidiary of AREVA MINES, having a net value of 874,440,590.00 euros;
- a loan to an affiliate, CFMM, being a subsidiary of AREVA MINES, having a net value of 605,164,540.56 euros.

It is also stated that the shareholding interests contributed will include the “membership interest” securities of AREVA ENRICHMENT SERVICES following completion of the “United States Reorganisation” as defined and described in the Contribution Agreement, to which securities AREVA shall have title on completion of that reorganisation. AREVA ENRICHMENT SERVICES shall be renamed AREVA NUCLEAR MATERIALS.

If the United States Reorganisation is not completed by the Completion Date, an amount in cash, investment securities, cash instruments or a receivable of an amount corresponding to the value of the membership interests in AREVA ENRICHMENT SERVICES shall be contributed, so that the total actual value of the assets contributed under the Contribution will be unchanged and, as the case may be, NEW AREVA HOLDING may subsequently acquire the aforesaid interests from AREVA by way of a separate instrument.

b) Current assets

<i>data in euros at 30 June 2016</i>	Gross value	Depreciation / impairment	Net value
Current-account financial assets	148,502,754.40	(2,632,881.12)	145,869,873.28
Other receivables	181,526,681.92	-	181,526,681.92
Cash & cash equivalents	1,247,000,000.00	-	1,247,000,000.00
<b>Total net contributed assets (B)</b>	<b>1,577,029,436.32</b>	<b>(2,632,881.12)</b>	<b>1,574,396,555.20</b>

Schedule 3.1 (B) to the Contribution Agreement breaks down the current assets contributed, consisting mainly of cash.

c) Other assets

<i>data in euros at 30 June 2016</i>	Gross value	Impairment losses	Net value
Deferred charges	8,766,422.85	-	8,766,422.85
Redemption premiums	15,217,822.92	-	15,217,822.92

<b>Total other assets contributed (C)</b>	<b>23,984,245.77</b>	-	<b>23,984,245.77</b>
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Schedule 3.1 (C) of the Contribution Agreement breaks down the other assets contributed.

d) Total assets contributed

Total assets contributed amount to 7,678,096,170.13 euros (A+B+C).

1.3.2.2. Liabilities transferred

The liabilities transferred, as referred-to in Article 4.1 of the Contribution Agreement, break down as shown below. It is understood that such designation is for information purposes only and is not exhaustive, as all the liabilities connected with the Activity as at the Completion Date must be transferred to the NEW AREVA HOLDING, irrespective of whether they are listed in this Contribution Agreement, and be transferred in the condition in which they may be on the Completion Date.

<i>data in euros at 30 June 2016</i>	Book value
Deferred income	(103,859,457.76)
Provision for interest rate risk	(4,707,504.91)
Other provisions for risk	(226,128.03)
Bond issues	(4,933,424.401.68)
Borrowings from affiliates	(1,052,170.10)
Current-account financial liabilities	(2,374,643,551.79)
Other current liabilities	(189,823,943.80)
Financial Instruments	13,529,881.24
<b>Total liabilities transferred</b>	<b>(7,594,207,276.83)</b>

Schedule 4.1 of the Contribution Agreement breaks down the liabilities included in the contribution.

These mainly consist of the following:

- the eight bond loans, totalling 4,933,424,401.68 euros, including accrued interest;
- the financial current account payables, particularly to the subsidiaries AREVA NC (1,074,204,405.62 euros), NEW AREVA HOLDING (the Contribution beneficiary,

formerly CERE, 245,081,432.53 euros), AREVA MINES (194,905,989.10 euros) and AREVA BUSINESS SUPPORT (190,867,246.49 euros).

#### 1.3.2.3. Net assets contributed

By calculating the difference between the amount of assets contributed, namely 7,678,096,170.13 euros, and the amount of liabilities transferred, namely 7,594,207,276.83 euros, the net assets contributed amount to 83,888,893.30 euros.

#### 1.3.2.4. Assets not contributed and liabilities not transferred

No employee nor any bank debt of AREVA shall be transferred to NEW AREVA HOLDING.

Furthermore:

- Article 3.3 of the Contribution Agreement lists the assets of AREVA that are excluded from the scope of the Contribution. The assets concerned are not connected with the Transferred Activity, and consist of the following in particular:
  - o the shareholding interests of AREVA NP and AREVA TA;
  - o the activities relating to renewable energy;
  - o the loans to affiliates and current accounts of AREVA for counterparties that are not part of the Transferred Activity;
  - o the intellectual property rights held by AREVA;
  - o tangible and intangible assets.
  
- Article 4.3 of the Contribution Agreement lists the liabilities of AREVA that are excluded from the scope of the Contribution. The liabilities concerned are not connected with the Transferred Activity, particularly the following:
  - o AREVA's bank financing;
  - o the series of bonds maturing before the Completion Date;
  - o the borrowings from affiliates of AREVA for counterparties that are not part of the Transferred Activity;
  - o the payables in relation to employees;
  - o the commitments relating to the OL3 project.

#### 1.4. Consideration for the contribution

NEW AREVA HOLDING, as consideration for the Contribution, shall issue 89,161,110 new shares with a nominal value of 0.50 euro each and shall accordingly increase its share capital to 44,580,555 euros.

The share capital of NEW AREVA HOLDING shall thus be increased from 8,250,000 euros (the amount following the capital reduction referred-to in paragraph 1.2.2 of this report) to 52,830,555 euros. The share capital shall be divided into 105,661,110 shares with nominal value of 0.50 Euro each, fully paid and all of the same class.

The difference between the amount of the Contribution, namely 83,880,893.30 euros and the amount of the increase in the capital of NEW AREVA HOLDING, namely 44,580,555 euros, shall constitute a premium on the contribution for an amount of 39,308,338.30 euros.

Pursuant to Article L236-10 of the Commercial Code, we have reported separately on the valuation of the consideration for the contribution.

### **1.5. Main legal and tax aspects of the transaction**

Under the terms of the Contribution Agreement:

- the Contribution falls under the demergers regime as described in Articles L236-16 to L236-21 of the Commercial Code;
- the Contribution shall take legal effect upon fulfilment of all the conditions precedent stated in Article 9 of the Contribution Agreement and as set out at the end of this paragraph;
- the Contribution shall take effect, from a tax and accounting point of view, retroactively at 1 July 2016;
- the transaction is carried out under the general rules pertaining to corporate income tax;
- as regards registration duty, the transaction is chargeable to the fixed duty provided in Articles 816 et seq. of the *code général des impôts* [French general tax code].

In addition, the Contribution is subject to the conditions precedent provided in Article 9 of the Contribution Agreement, which must be fulfilled in combination, namely:

- the prior procurement of the bank authorisations listed in Schedule 9.1 (a) of the Contribution Agreement;
- the prior procurement of the authorisations required under the articles of association of certain companies, the list of which is set out in Schedule 9.1 (b) of the Contribution Agreement;
- approval of the Contribution, its valuation and the consideration therefor by a resolution of the general meeting of the AREVA shareholders;
- approval of the Contribution, its valuation and the consideration therefor, together with the corresponding share capital increase by a resolution of the general meeting of shareholders of NEW AREVA HOLDING; and
- the prior procurement of the reports of the contribution appraisers on the procedures for the Contribution and the value of the items contributed in application of Articles L. 236-10 and L. 225-147 of the Commercial Code.

If any of the conditions precedent has not been satisfied by 31 December 2016, the Contribution Agreement shall be automatically deemed to have lapsed without giving rise to any indemnity from either party, unless the board of AREVA and the Chairman of NEW AREVA HOLDING or, as the case may be, its board, have waived their right to enforce the non-satisfied condition(s) precedent before that date.

## 2. INVESTIGATIONS AND APPRAISAL OF THE VALUE OF THE CONTRIBUTION

### 2.1. Investigations conducted by the contribution appraisers

In fulfilment of the assignment entrusted to us, we have conducted the investigations we judged to be necessary in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* [French auditors' national professional body] applicable to this assignment. Those standards require us to conduct investigations for the following purposes:

- testing the substance and exhaustiveness of the contribution;
- analysing and appraising the individual items included in the Contribution Agreement;
- ascertaining whether the contribution taken as a whole is not in any way overvalued;
- satisfying ourselves, up to the date of issue of this report, that there are no facts or events likely to compromise the value of the contribution.

The purpose of our assignment is to provide the beneficiary company's shareholders with detailed information concerning the value of the contribution. Our assignment cannot be regarded as a due diligence assignment carried out for a lender or a purchaser, and it does not include all the tasks necessary for an assignment of this kind. Our report cannot be used for due diligence purposes.

Moreover, the transaction submitted to your approval constitutes a reorganisation on which it is your task to decide and for which we formulate no opinion whatsoever of a financial, asset-management, tax, legal or accounting nature.

As is customary, we have assumed to be truthful, fair and exhaustive the information and documents communicated to use by AREVA, its subsidiaries and their advisers.

Our work included in particular the following tasks:

- we spoke with the managers of the companies concerned who are in charge of the contemplated transaction, at both operational and financial level, to acquaint ourselves with its context while also understanding its business, accounting, legal and tax implications;
- in particular, we attended the steering-committee meetings for the transaction, organised by the AREVA finance department, and two meetings of the Board of Directors specifically addressing the matter;
- we visited the sites of Georges Besse II and La Hague;
- we met the company's mining experts, and had discussions with the operational and financial actors of the Transferred Activity;
- we reviewed the Contribution Agreement and its Schedules;
- we acquainted ourselves with the AREVA financial-communication material;
- we acquainted ourselves with the AREVA consolidated financial statements as at 31

December 2015;

- we acquainted ourselves with the individual annual accounts of AREVA as at 31 December 2015 and those of its main direct or indirect subsidiaries included in the Contribution;
- we satisfied ourselves that those financial statements had been certified without qualification by the statutory auditors responsible for their audit;
- we acquainted ourselves with the AREVA consolidated financial statements as at 30 June 2016;
- we acquainted ourselves with AREVA's interim individual accounts as at 30 June 2016 pursuant to Article R236-3 of the Commercial code;
- we satisfied ourselves that those financial statements had been certified without qualification by the statutory auditors responsible for their limited review;
- we ascertained the absence of any legal restrictions on the availability of the assets contributed, with particular emphasis on the equity investment securities;
- we analysed the process for preparing the AREVA balance sheet in order to identify those of its assets and liabilities that relate to the Transferred Activity, and therefore included in the Contribution;
- we discussed with the AREVA management the exchanges between the French State and the European commission from the standpoint of European regulations on State aid;
- we examined the business plans of the various business units relating to the Transferred Activity, prepared by the operational and financial divisions and covering periods representative of the activity of each business unit;
- we examined the business plans of NEW AREVA HOLDING, used to estimate that company's cash position in the short and medium term;
- we examined the financial valuation performed by AREVA's advising banker on the Transferred Activity; this valuation underpinned the real-value calculation of the consideration for the items contributed under the Contribution;
- we also examined the impairment tests performed by AREVA at 31 December 2015 and at 30 June 2016 for the purpose of drawing up its financial statements;
- we conducted alternative simulations and tests on the sensitivity of the valuations performed to the changes in the assumptions relating to the main valuation parameters;
- we requested the managements of AREVA and NEW AREVA HOLDING to confirm to us the exhaustiveness of the information supplied concerning this transaction;

- we performed additional investigations that we considered necessary.

## **2.2. Method for valuing the contribution**

As stated at the start of paragraph 1.3.2 of this report, under the terms of the Contribution Agreement, the Contribution is valued on the basis of the net book value of the assets and liabilities transferred.

In this respect, we note that:

- the Contribution constitutes a partial contribution of assets falling under the demergers regime within the meaning of Articles L236-16 to L236-21 of the Commercial Code;
- hence, the Contribution is covered by Title VII of Regulation No. 2014-03 of the Autorité des Normes Comptables [Accounting Standards Authority] concerning the general chart of accounts;
- since, before the Contribution, AREVA controls NEW AREVA HOLDING within the meaning of Article L233-3 of the Commercial Code, both companies are under “common control” within the meaning of Article 741-1 of the aforementioned Regulation;
- accordingly, pursuant to Article 743-1 of the aforementioned Regulation 2014-03, the contribution must be valued on the basis of the net book value of the items contributed, as arising from the AREVA accounts.

The method used to value the contribution calls for no comment on our part.

## **2.3. Reality of the contribution**

We assessed the reality of the contribution from the standpoint of the absence of any factors likely to impede their transferability for purposes of the Contribution.

In this respect, it should be noted that Article 8.2 (i) of the Contribution Agreement expressly provides that, in the event of where AREVA’s rights and obligations under a contract relating to the Transferred Activity cannot be transferred at the Completion Date due to failure to procure the required consent from the co-contracting party, AREVA shall transfer enjoyment of the contract concerned in favour of NEW AREVA HOLDING, so that the economic effects of the contract in question shall be made over to NEW AREVA HOLDING as from the contribution completion date.

Moreover, the shares in AREVA NUCLEAR MATERIALS must, prior to the Contribution, first be transferred to AREVA under the “United States Reorganisation” as described in Schedule G of the Contribution Agreement. As stated in Article 3.1 of the Contribution Agreement, if the United States Reorganisation is not completed by the Completion Date, AREVA shall contribute assets to NEW AREVA HOLDING of the amount required for the subsequent acquisition by NEW AREVA HOLDING of the securities of AREVA NUCLEAR MATERIALS.

It should also be noted that the completion of the Contribution is subject to the fulfilment of the conditions precedent specified in Article 9 of the Contribution Agreement including the

authorisations required under certain banking contracts listed in Schedule 9.1 (a) of the Contribution Agreement.

Lastly, as required by law, the Contribution was submitted to the approval of the respective general meetings of the bondholders whose securities are included in the Contribution, which general meetings were held on 19 September 2016 and approved the transaction.

## **2.4. Individual value of the items contributed**

The individual value of the items contributed is set out in Articles 3.1 and 4.1 of the Contribution Agreement and in the corresponding Schedules thereto; the values concerned are summarised in paragraphs 1.3.2.1 and 1.3.2.2 of this report.

### **2.4.1. Opinion of the statutory auditors**

As stated in paragraph 2.2 above, the value of the contribution is the net book value of the items contributed, as recognised in the accounts of AREVA accounts as at 30 June 2016 pursuant to the French general chart of accounts.

In this respect, it should be noted that the interim individual-entity financial statements of AREVA as at 30 June 2016 were subjected to limited examination by the statutory auditors within the meaning of the Professional Practice Standard approved by Order of the Minister of Justice dated 20 March 2008.

Upon completion of the limited examination, the statutory auditors found, in their report dated 29 July 2016 that: *“On the basis of our limited examination, we have noted no material anomalies such as to qualify the compliance of the accounting statements with the valuation and accounting principles described in the notes to the accounting statements”*.

### **2.4.2. Scoping work**

The assets contributed and liabilities transferred arise from the splitting of the AREVA trial balance at 30 June 2016.

For purposes of this split, the AREVA management and their financial adviser conducted an analysis of each account individually.

Each of the accounts was assigned to the activity to which it relates (nuclear fuel cycle; relating to the Transferred Activity; other activities; not included in the Contribution), on the basis of its nature and characteristics.

As concerns the cash contributed and the financing relating to the Transferred Activity, as referred-to in the Contribution Agreement, all the bond financing, except the bond issues redeemed at the Completion date, has been included in the Contribution. AREVA's bank financing has not been included in the Contribution.

At the same time, a cash amount of 1247 million euros, considered by the management to be necessary for the exercise of the Transferred Activity, was included in the Contribution.

We have no comment to make regarding (i) the scoping methodology adopted, which seems appropriate having regard to the characteristics of this transaction, and (ii) the results of its implementation.



### **2.4.3. Activities conducted by AREVA and its advising banker for valuing the assets contributed and liabilities transferred**

For purposes of determining the consideration for the contribution, AREVA's advising banker conducted a financial valuation of the Transferred Activity, in order to estimate its true value.

The AREVA valuation thus performed was arrived at by summing the individual true values of the various assets and liabilities included in the Contribution, as set out in paragraphs 1.3.2.1 and 1.3.2.2 of this report.

#### **2.4.3.1. Shareholding interests of affiliates.**

Shareholding interests of affiliates are one of the most significant items in the assets contributed, representing a contribution value of 2,509 million euros, on a total value of assets contributed of 7,678 million euros.

The two largest lines of shareholding interests of affiliates are the shares in AREVA MINES (contribution value: 1,951 million euros) and AREVA NC (contribution value: 523 million euros).

In order to value the main lines of investments in affiliates included in the contribution, particularly AREVA MINES and AREVA NC, AREVA's advising banker adopted the following approaches:

- as its main approach, an intrinsic approach referring to the method of discounting future operating cash flows;
- for indication purposes, an approach by analogy applying the method using observed peer-company multiples.

The method of discounting future operating cash flows ("DCF") was implemented on the basis of the business plans drawn up by the AREVA management in July 2016 and approved by the AREVA Board of Directors at its meeting of 29 August 2016, covering periods representative of the activity of each business unit, namely:

- until depletion of the respective reserves of each mine already in operation;
- over a longer term for certain assets which are or will be exploited indirectly by AREVA NC.

For the elapse of the time horizon covered by the business plans a terminal value was determined, representing the economic value of the items valued at that time horizon, unless the useful life of the asset valued is finite (as in the case of mining deposits).

The business plans drawn up by the AREVA management in July 2016 set forth the financial projections for each business unit of the transferred Activity:-

- For AREVA MINES:
  - The Mining business unit, which carries on the Prospecting, Development, Exploitation and Re-development of uranium deposits that are exploited or under development (particularly in Canada, Niger, Kazakhstan, Central Africa, Mongolia and Namibia) or under prospection by the AREVA group; the Mining business unit also includes a trading activity;
- For AREVA NC:

- the Chemicals & Enrichment business unit, which converts natural uranium into uranium tetrafluoride, then into uranium hexafluoride (Chemicals, Malvési plant and Comurhex plant at Tricastin) and performs uranium hexafluoride enrichment (Enrichment, Georges Besse II plant at Pierrelatte);
- the Downstream activity comprising the following business units:
  - Logistics: storage and shipment of nuclear materials;
  - Recycling: separation of recyclable materials from ultimate waste (La Hague plant) and manufacture of recycled fuel (Melox plant in the Gard), at the downstream end of the cycle;
  - Dismantling & Services: provision of services at the downstream end of the cycle relating to projects for dismantling nuclear plant, together with related logistical services;
  - International Projects: provision of support services for the construction of new plant or assistance in the operation of existing sites;
- the AREVA MED activity, which develops new therapies in the field of combating cancer.

These business plans set out operating cash flow projections including revenue, gross margin, gross operating surplus, operating profit/loss, change in working capital requirement and investments.

It should also be noted that:

- the management has prudently included in these business plans amounts of disbursements for “contingencies”, duly factored into the valuation by AREVA’s advising banker;
- as is the usual practice, AREVA’s advising banker has applied to the future operating cash flows, determined on the basis of the business plans, a discount rate determined specifically for each activity;
- the valuation of the shareholding interests of AREVA MINES and AREVA NC has also been offset by AREVA’s advising bank, by a respective share of each company in the negative value of the future administration costs of NEW AREVA HOLDING.

#### 2.4.3.2. Loans to affiliates, borrowings from affiliates, financial current account assets and liabilities

Loans to affiliates (contribution value of 3,563 million euros), borrowings from affiliates (contribution value of 1 million euros), financial current-account assets (contribution value of 145 million euros) and liabilities (contribution value of 2,375 million euros) constitute debit or credit positions of AREVA with respect to the subsidiaries whose securities are included in the Contribution, or to companies held directly or indirectly by those subsidiaries.

These receivables and payables have been included at their book value in determining the true value of the Transferred Activity necessary for determining the consideration for the contribution.

Symmetrically, payables or receivables of like amount have been included in the valuation of the counterparty subsidiaries.

#### 2.4.3.3. Bond issues

For purposes of calculating the true value of the Transferred Activity necessary to determine the consideration for the contribution, AREVA's advising bank has valued the bond loans included in the Contribution at their book value on the assumption of their redemption at maturity.

#### 2.4.3.4. Other assets and liabilities

In calculating the true value of the Transferred Activity necessary for determining the consideration for the contribution, the other assets and liabilities included in the Contribution are recognised at book value.

### **2.4.4. Contribution appraisers' appraisal of the individual value of the items contributed**

#### 2.4.4.1. Investigation of the valuation performed by AREVA's advising banker

We reviewed the valuation procedures for the various constituent items of the Transferred Activity, performed by AREVA's advising banker.

In this respect, we note that:

The discounted future cash flows method applied to operating cash flows as the main valuation method for the significant shareholding interests of affiliates included in the contribution is commonly used to value businesses; it applies the fundamental financial principle that the value of an asset is equal to the sum of the elements of net income it is likely to generate in the future; in order to factor in the date when each income element arises and the risk attached to its arising, a discount rate is applied to it. This method is used to arrive at a company's value on the basis of the following:

- its forecast profitability, which itself is based on the management's medium or long term operating forecasts;
- its financial situation, through the level of its net debt;
- the market's appraisal of its activity risk, using the discount rate;
  
- valuation by analogy, comparing multiples observed for comparable listed companies; this is used to a subordinate extent, being also a method commonly used to value a business; to value as-yet unexploited mining assets directly or indirectly owned by AREVA MINES, this method was used as the main method since, in view of the state of progress in their exploitation, these assets do not have an operating plan necessary for implementing the method of discounting future operating cash flows;
  
- the economic valuation of the other assets and liabilities included in the Transferred Activity, based on their net book value, does not call for any comment from us since they do not harbour any unrealised capital gains or losses.

After examining the valuation calculations performed by AREVA's advising banker, we conducted our own valuations, and performed sensitivity testing of the value to the main operating, economic and financial assumptions underlying the valuation:

- assumptions concerning trends in the prices of uranium, converted uranium and enriched uranium;
  
- materialisation of certain significant commercial prospects;

- financial assumptions, such as the discount rate and the constant growth rate.

We also verified whether the loans to affiliates, borrowings from affiliates and financial current-account assets and liabilities were duly matched by the reciprocal net debt position of the companies concerned.

#### 2.4.4.2. Key considerations in appraising the individual value of the items contributed

It should be noted that:

- i. The Transferred Activity has been valued (i) within the legislative and regulatory framework and (ii) in the current geopolitical context:
  - the Transferred Activity is governed by increasingly stringent national and international regulations in the area of nuclear energy and the environment;
  - moreover, the valuation of the Transferred Activity was performed, particularly as regards the AREVA MINES mining assets, while allowing for a level of geopolitical risk estimated under current conditions.

A change in the regulations, or in the geopolitical context, or the occurrence of significant events likely to have an impact on the nuclear electricity industry, are not taken into account in valuing the Transferred Activity owing to the fact that such developments are unpredictable and cannot be quantified.

In this report, the Contribution is appraised in the present operating context of the Transferred Activity.

- ii. For purposes of our investigations, we have appraised the AREVA management estimates, reflected in the medium-term business plan, and based on activity forecasts and market data determined having regard to the current characteristics of the Transferred Activity, which are inherently uncertain in nature and may subsequently yield different outturns. In particular:
  - The individual value of the shareholding interests of AREVA MINES and AREVA NC is sensitive to fluctuations in the price of uranium and fluctuations in the price of converted uranium and enriched uranium respectively; should future prices prove to differ from those assumed by AREVA for the business plans of the Transferred Activity, this is likely to modify, in certain circumstances significantly, the appraisal of the value of those shareholding interests;
  - The individual value of the shareholding interests of AREVA MINES is particularly dependent on the fulfilment of the mining forecasts for the uranium reserves projected in the mining plans; the revision of those forecasts and/or of the mining reserve calculations is likely to modify, in certain circumstances significantly, the individual contribution value of AREVA MINES;
  - The individual value of the shareholding interests of AREVA NC and AREVA MINES is partly based on the sales forecast included in the business plans presented; the revision of those forecasts is likely to modify,

in certain circumstances significantly, the individual contribution value of AREVA MINES and AREVA NC;

- Generally, the value economic value of the AREVA MINES and AREVA NC shareholding interests is based on forecast data; since forecast data are involved, there can be no assurance, accordingly, that those forecasts will be fulfilled. We would emphasise, in this connection, that in our appraisal of the value of the contribution, we note that (i) the business plan factors in contingencies unfavourably affecting fulfilment, and (ii) the economic value of the Transferred Activity, determined for purposes of the consideration for the contribution, substantiates the amount of the net assets contributed.
- iii. The business plan for the Transferred Activity plans for recourse to additional financing:
- the continuing of the Transferred Activity, as factored into our appraisal of the individual value of the items contributed, takes account, on completion of the Contribution, of the obtaining by NEW AREVA HOLDING of the financing necessary for it to operate; in this respect, the business plan of the Transferred Activity includes (i) the carrying-out of capital investment amounting to 3 billion euros as mentioned in paragraph 1.1 of this report, which would in addition reduce the level of net debt of NEW AREVA HOLDING, (ii) the return to financial ratios that would enable NEW AREVA HOLDING to seek additional financing which may be required to meet bond maturities in the medium/long term;
  - as mentioned in the last paragraph of section 1.1 of this report, the capital investment by the French State in AREVA or NEW AREVA HOLDING, planned, as mentioned in the preceding sub- paragraph, in the business plan for NEW AREVA HOLDING, is subject to the agreement of the European Commission under European regulations concerning State aid which may, where applicable, give rise to compensating measures not known to date, that are likely to alter the financial prospects of the Transferred Activity and the individual value of the items contributed.

#### 2.4.4.3. Observation by the contribution appraisers

As mentioned in the last sub-paragraph of paragraph 2.4.3.1 of this report, AREVA's advising banker has, appropriately in our view, applied to the value of the shareholding interests of AREVA MINES and AREVA NC, a respective share in the negative value of the future administrative costs of NEW AREVA HOLDING.

On the basis of the economic valuation performed by AREVA and its advising banker, it should be noted that:

- the individual value for the contribution of the shareholding interests of AREVA MINES is greater than the economic value of that asset as determined by AREVA and its advising banker; the individual value for the contribution of the shareholding interests of AREVA MINES as arising from AREVA's accounts as at 30 June 2016 takes no account of the negative value of the future administration costs of NEW AREVA HOLDING; on the other hand, in the economic valuation of AREVA MINES, as determined by AREVA and its advising banker, appropriately in our view,

a portion of the negative value of those costs has been assigned to the value of the investment in the latter subsidiary;

- this difference, due to 2 differing valuation contexts (determination of the net asset value for purposes of finalising the accounts, for the one company, and the determination of the economic value for the other company) does not, however, compromise the value of the contribution considered as a whole, on account of differences in opposing directions and of greater magnitude between the economic value of assets other than the Transferred Activity, as determined by AREVA and its advising banker, and their individual value for contribution purposes (equal to their book value).

#### 2.4.4.4. Contribution appraisers' conclusion regarding the individual value of the items contributed

With the exception of the items referred-to in paragraphs 2.4.4.2 and 2.4.4.3 above, the individual value of the items contributed calls for no other comment on our part.

### **2.5. Appraisal of the overall value of the contribution**

We also appraised the value of the contribution taken as a whole.

For this purpose, we referred in particular to the overall valuation of the Transferred Activity performed by AREVA's advising banker, as described in paragraph 2.4.3 above, adopted to determine the consideration for the Contribution.

AREVA's advising banker determined the overall value of the contribution by summing the respective individual values of the various constituents of the Transferred Activity.

This value, and our own analyses, substantiate the overall value of the contribution. Nevertheless, our appraisal of the overall value of the contribution calls the same comments as those formulated in paragraph 2.4.4.2 above.

We also sought to appraise the overall value of the Transferred Activity:

- on the basis of AREVA's stock market valuation as observed before the announcement of the Contribution;
- from which we subtracted the true value of the assets and liabilities of AREVA not included in the Contribution, particularly the shareholding interests of AREVA NP and AREVA TA, the bank debt and the commitments relating to the OL3 project;
- to deduce, by the difference between the foregoing, the value of the Transferred Activity.

Our investigations do nothing to compromise the overall value of the contribution.

We have no other observation to make regarding the overall value of the contribution.

### **3. SUMMARY**

Pursuant to the accounting regulations, the Contribution is performed on the basis of the net book value of the constituent items in the Transferred Activity, as recognised in AREVA's accounts. Given that the accounting effective date of the transaction is at 1 July 2016, those items are shown in the Contribution Agreement at the net book value, as arising from the individual half-yearly financial statements of AREVA as at 30 June 2016. Those financial statements were certified without qualification by AREVA's statutory auditors.

For purposes of determining the consideration for the contribution, on which we have issued a separate report, AREVA determined, with the aid of an advising banker, the economic value of the different components of the Transferred Activity.

This economic value is based mainly on the intrinsic valuation approach, a conventional proceeding for valuation of a business, by discounting the future cash flows. This method applies the fundamental financial principle that the value of an asset is equal to the total net income it is likely to generate in the future; in order to factor in the date when such net income arises and the risk attached to its arising, a discount rate is applied to that income.

We conducted the investigations we considered necessary, into the individual value of the items comprised in the Transferred Activity and the overall value of the Transferred Activity.

We have no observation to make regarding the overall value of the contribution except as stated in paragraph 2.4.4.3.

In the current context of the activity forecasts and market data reflected in the business plan, the overall value of the contribution is substantiated by the economic multi-criteria valuation of the Transferred Activity.

As detailed in paragraph 2.4.4.2 above, it should be noted that the overall value of the contribution relies on the AREVA management estimates, themselves based on forecasts and market data which are inherently uncertain.

In addition, the group's activities are governed by increasingly-stringent national and international regulations in the area of nuclear energy and the environment. A change in the regulations, or in the geopolitical context, or the occurrence of significant events likely to have an impact on the nuclear electricity industry, are not taken into account in this valuation, owing to the fact that such developments are unpredictable and cannot be quantified.

The business plan for the Transferred Activity plans for recourse to additional financing;

- the continuing of the Transferred Activity, as identified in our appraisal of the individual value of the items contributed, takes account, on completion of the Contribution, of the obtaining by NEW AREVA HOLDING of the financing necessary for it to operate; in this respect, the business plan of the Transferred Activity includes (i) the carrying-out of capital investment amounting to 3 billion euros as mentioned in paragraph 1.1 of this report, which would in addition reduce the level of net debt of NEW AREVA HOLDING, (ii) the return to financial ratios that would enable NEW AREVA HOLDING to seek additional financing which may be required to meet bond maturities in the medium/long term;
- as mentioned in the last paragraph of section 1.1 of this report, the capital investment by the French State in AREVA or NEW AREVA HOLDING, planned, as mentioned in the preceding sub- paragraph, in the business plan for NEW AREVA

HOLDING, is subject to the agreement of the European Commission under European regulations concerning State aid which may, where applicable, give rise to compensating measures that are not known to date, and that are likely to alter the financial prospects of the Transferred Activity and the individual value of the items contributed.

Having recalled these points, we have no observation to make regarding the overall value of the contribution.

#### **4. CONCLUSION**

On the basis of our investigations and at the date of this report, recalling the important points mentioned in the summary appearing in section 3 of this report, in our view the value of the contribution, of 83,888,893.30 euros is not overestimated and consequently, the value of the contribution is at least equal to the amount of the beneficiary company's capital increase as increased by the contribution premium.

Signed in Paris on 30 September 2016

The contribution appraisers

LEDOUBLE SAS

Agnès PINIOT

Jean-Jacques DEDOUTT