

New AREVA (NewCo)



Annual Activity Report*

Period January 1 – August 31, 2017

* Including:

- the management report of the Company's Board of Directors including the management report of New AREVA;
- the corporate social responsibility report (CSR); and
- the Board of Directors' corporate governance report.

This free translation into English of the "Rapport Annuel d'Activité – Exercice 1^{er} janvier – 31 août 2017" written in French is provided solely for the convenience of English speaking users. In the event of any inconsistency or difference of interpretation, the French version shall prevail.

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The purpose of this management report is to present the situation of New AREVA Holding (the “Company”) and its subsidiaries during the year from January 1 to August 31, 2017.

The “Group” or “New AREVA” designates the Group constituted by New AREVA Holding and all of the subsidiaries and interests held directly or indirectly thereby. New AREVA is also called NewCo in its financial communication pending a name change expected to be made in early 2018. AREVA refers to AREVA SA, the parent company of New AREVA Holding.

A French law public limited company entitled to issue financial securities admitted for trading on a regulated market, the Company is subject to the obligation to draw up a management report including the information stipulated by the French Commercial Code, as well as the specific information required of a company listed on a regulated market.

This management report includes in particular the Board of Directors’ corporate governance report referred to in Article L. 225-37, para. 6 of the French Commercial Code, as well as the corporate social responsibility (CSR) report including information on how the Company takes into account the social and environmental consequences of its activity.

Having not yet completed two consecutive fiscal years during which the Company had at least five thousand employees within the Group’s French law companies, or at least ten thousand within the Group’s total scope, the Company is not required to draw up the vigilance plan referred to in Article L. 225-102-4 of the French Commercial Code for this year.

1 Highlights of the year

1.1 Restructuring of the AREVA group and creation of New AREVA

To restore its competitiveness and reestablish its financial position, in 2015 the AREVA group launched a large-scale restructuring plan.

Within this framework, on November 10, 2016 AREVA SA transferred to New AREVA Holding, via a partial asset contribution, all the assets and liabilities relating to its nuclear fuel cycle (including the mining, front end and back end operations), as well as all the bond debts maturing as of 2017 and the associated central divisions (the **Contribution**).

The plan also involved a recapitalization of New AREVA Holding in the amount of about 3 billion euros (of which 2.5 billion euros subscribed by the French State and 500 million euros by strategic investors), as detailed below (the **Capital Increases**).

1.1.1 Authorization by the European Commission

In view of the envisaged holding to be taken by the French State in the recapitalization transactions of AREVA and New AREVA Holding, the implementation of the Restructuring Plan was subject to the prior authorization by the European Commission with respect to the applicable regulations pertaining to State aid.

On January 10, 2017, the European Commission, noting in particular that (i) the planned aid measures enable the return to long-term viability of the AREVA group, including New AREVA, (ii) the AREVA group was committed to make a significant contribution to the costs of its restructuring, and (iii) the compensatory measures proposed by the AREVA group are sufficient and adequate, authorized the French State’s participation in the recapitalization operations of AREVA and New AREVA Holding within the framework of the Restructuring Project, subject to:

- the favorable finding by the French Nuclear Safety Authority (**ASN**) 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 to waive the condition precedent of the New NP transfer agreement 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 (AREVA subsidiary specialized in reactor engineering for nuclear power plants).

(the **Preconditions**).

Moreover, this authorization by the European Commission is accompanied by commitments on the part of the AREVA group applicable to New AREVA until the end of its Restructuring Plan (i.e. end-2019) including the obligation not to proceed with acquisitions of interests in companies which it does not already control (with the exception of a certain number of already identified projects and after the European Commission's authorization, of projects which 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 SA nor New AREVA Holding will have an equity relationship with New NP.

On the same day, the European Commission authorized an advance payment of 1.3 billion euros to the French State's shareholder current account in favor of New AREVA Holding in order to enable the Company to meet its financial obligations for a period of six months. An agreement was signed to this effect on February 3, 2017 by New AREVA Holding and the French State. However, this current account advance has not been drawn.

On May 29, 2017, the European Commission approved the transfer of control over New NP to EDF, thus lifting the second condition laid down by the European Commission.

On June 28, 2017, the ASN College gave its opinion on the results of the demonstration program concerning the issue of carbon segregation identified in parts of the EPR reactor vessel of the Flamanville 3 project, stating that "the mechanical characteristics of the vessel bottom head and closure head are adequate with regard to the loadings to which these parts are subjected, including in the event of an accident."

In view of this draft opinion of the ASN, in a letter dated July 12, 2017 EDF notified AREVA of its decision to waive the condition precedent set out in the New NP sale agreement related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation issue identified in parts of that reactor's vessel, thus lifting the first condition laid down by the European Commission.

All of the Preconditions necessary for completing the capital increase reserved for the French State have therefore been met.

1.1.2 Reserved capital increases of New AREVA Holding

On February 3, 2017, the Company's General Meeting authorized, subject to the conditions precedent of the conclusion of a memorandum of investment and a shareholders' agreement between Japan Nuclear Fuel Limited (JNFL), Mitsubishi Heavy Industries (MHI), the Company, the French State and AREVA SA, on the one hand, and of a trust agreement between Crédit Agricole CIB, JNFL, MHI and the Company, on the other hand:

- a capital increase reserved for the French State in the total amount of 2,500,206,062.70 euros, issue premium included, through the issuance of 132,076,390 new ordinary shares with a par value of 0.50 euros each with an issue premium of 18.43 euros per share, subject to meeting the Preconditions imposed by the European Commission and the absence of any significant unfavorable event by the date of the capital increase (the **First Capital Increase**); and
- a capital increase reserved for JNFL and MHI in the total amount of 250,020,606.27 euros each, issue premium included, through the issuance of 13,207,639 new ordinary shares with a par value of 0.50 euros each with an issue premium of 18.43 euros per share, subject to meeting the conditions precedent agreed between the French State, AREVA, MHI, JNFL and New AREVA Holding (including the completion of the First Capital Increase, the transfer of the majority control over New NP to EDF, as well as the standard conditions pertaining to the acquisition of an equity interest in New AREVA Holding by JNFL and MHI) (the **Capital Increase Reserved for the Investors** or the **Second Capital Increase**);

and delegated to the Board of Directors all powers to implement and complete the Capital Increase Reserved for the French State and the Capital Increases Reserved for the Investors.

On March 13, 2017, JNFL, MHI, New AREVA Holding, the French State and AREVA concluded a memorandum of investment (the **Memorandum of Investment**), and a shareholders' agreement (the **Shareholders' Agreement**), which were formally signed on March 20, 2017. The memorandum of investment and the shareholders' agreement pertain to the entry of JNFL and MHI into the capital of New AREVA Holding, each taking a 5% stake in the capital of New AREVA Holding. In this respect, it has in particular been agreed that the funds corresponding to the total amount of the subscription of JNFL and MHI will be placed in a trust account as of the completion of the First Capital Increase of New AREVA Holding and kept there until the completion of the Second Capital Increase, which is expected to take place after the completion of the sale of New NP to EDF.

On July 11, 2017, the Extraordinary General Meeting of New AREVA Holding modified the terms of the authorization granted to the Board of Directors by the Extraordinary General Meeting held on February 3, 2017, enabling the Board of Directors to decide to implement the First Capital Increase of New AREVA Holding as soon as the above-mentioned Preconditions have been met.

1.1.3 Implementation and realization of the Capital Increases of New AREVA Holding

The Preconditions being met, the Board of Directors of New AREVA Holding decided to implement the First Capital Increase of New AREVA Holding. Its effective completion took place on July 26, 2017, concomitantly with the placement in a trust account of the funds corresponding to the subscription of JNFL and MHI to the Second Capital Increase, the effective completion of which, as indicated above, is expected to take place after the transfer of control over New NP to EDF, i.e. in early 2018.

Upon the completion on July 26, 2017 of this First Capital Increase of New AREVA Holding, the allocation of the capital of New AREVA Holding is as follows:

Shareholder	Number of shares	% of capital and voting rights
AREVA SA	105,661,109	44.444444%
French State	132,076,391	55.555556%
TOTAL	237,737,500	100%

1.1.4 Reorganization of the governance of New AREVA Holding

Pending the completion of the First Capital Increase, simplified governance of a transitional nature was put in place for the Company. This transaction having been completed on July 26, 2017, the General Meeting of the Company reorganized the Company's governance the following day.

This governance now revolves around a Board of Directors, comprising twelve members and chaired by Philippe Varin, and Executive Management led by Philippe Knoche, appointed Chief Executive Officer of the Company by the Board of Directors on July 12, 2017 and by a decree dated July 26, 2017.

The Combined General Meeting of July 27, 2017 appointed as directors of the Company, in addition to Philippe Varin and Philippe Knoche, the French State, five directors put forward by the French State, and two independent directors. The Board of Directors, meeting on the same day, also took note of the appointment of two directors representing the employees.

These appointments were made for a term ending at the close of the General Meeting convened to approve the financial statements for the period ending December 31, 2021.

In addition, the Board of Directors has two censors¹, in accordance with the possibility allowed by the Company's Articles of Association and the Shareholders' Agreement, as well as a Government Commissioner appointed by the French State pursuant to Article 15 of the Order of August 20, 2014.

At its meeting held on July 27, 2017, the Board of Directors created the following four permanent committees:

- the Audit and Ethics Committee;
- the Strategy and Investment Committee;
- the Compensation and Nominating Committee; and
- the End-of-Lifecycle Obligations Monitoring Committee.

In addition to these committees, the Board of Directors took note of the establishment of an Advisory Committee in accordance with the provisions of the Shareholders' Agreement. The Company's governance is described in greater detail in the Board of Directors' corporate governance report appearing in Section 4 of the report.

1.1.5 Rewriting of the Articles of Association:

On February 3, 2017, the Company's General Meeting amended the Company's Articles of Association, subject to the condition precedent that the capital increase reserved for the French State be completed, in order to adapt them to the entry of the investors within the framework of the capital increases decided by said General Meeting. The Articles of Association were also brought into compliance with the provisions of order no. 2014-948 of August 20, 2014, pertaining to governance and to operations on the share capital of publicly owned companies.

On July 27, 2017, the General Meeting of the Company decided to amend certain provisions of the Articles of Association as soon as they enter into force in order to reflect the additional changes agreed with the French State and the investors since the General Meeting of February 3, 2017.

¹ Pursuant to the Shareholders' Agreement, one of the two censors is appointed by MHI and JNFL. This non-voting member will conduct his or her activities as an independent director as of the effective entry of MHI and JNFL into the capital of New AREVA (see Section 4.1.1.4 of this document).

1.1.6 Decision to change the fiscal year closing date – Correlative amendment of Article 37 of the Company's Articles of Association

The Combined General Meeting of July 27, 2017, decided to change the closing date of the Company's fiscal year from December 31, 2017 to August 31, 2017. The year started on January 1, 2017 will therefore have a duration of eight months. The same meeting decided to modify Article 37 of the Company's Articles of Associate accordingly.

This meeting also decided to once again change the duration of the fiscal year and return to December 31 as the closing date, such that the fiscal year starting September 1, 2017 will have a duration of four months, ending December 31, 2017.

This change in the closing date allows New AREVA Holding to exercise an option to create a group of fiscally integrated companies in France as of September 1, 2017. This tax integration option presents the advantage of allowing the tax group to offset the profits and losses of the French companies belonging to the Group in order to determine the overall tax expense to be paid by the Group's parent company.

1.2 Other highlights of the year

1.2.1 Highlights by activity

1.2.1.1 Mining

- Uranium prices were very volatile in the first part of the year. The Spot price stabilized in the 20 US\$ per pound zone at year-end, while the long-term indicator stabilized in the 32 US\$ per pound zone.
- In April, New AREVA and KazAtomProm signed a strategic agreement aimed at strengthening their long-standing cooperation in the uranium mining sector in Kazakhstan. This agreement provides Katco, a joint venture owned by the two parties, with new long-term prospects with the development of the South Tortkuduk project and allowing its production to be sustained for the coming two decades.
- In June 2017, the State of Mongolia entered the capital of AREVA Mines LLC, thus allowing it to initiate its operating activity. The implementation of a pilot site at Zooch Ovoo was started, using the in-situ recovery (ISR) technology, with the objective of confirming and improving the technical and financial conditions of the project. The mining operating licenses for the deposits at Dulaan Uul and Zoovch Ovoo in Mongolia were granted to AREVA Mines LLC in July 2016.
- In June, New AREVA obtained a new 10-year operating license for its facility at McClean Lake in Canada from the Canadian Nuclear Safety Commission (CNSC). The license is valid from July 1, 2017 to June 30, 2027.
- From June to September, New AREVA participated in the Astana-Expo 2017 international show, held in Astana, Kazakhstan, as an official partner of the "World of Nuclear Energy" pavilion, dedicated to energy of the future.

1.2.1.2 Front End

- The decline of market indicators continued over the year. After holding stable at 50 US\$ for five months at the beginning of the year, the long-term SWU reference price published by UxC once again declined slightly to reach 48 US\$, its lowest level since it was first published in 2004. The long-term price of the conversion stabilized at 14 US\$ per KgU, whereas the Spot price dropped below 5 US\$ at the end of August 2017.
- The Comurhex II project made satisfactory progress over the year. UF₄ has been produced at the Malvési site since the beginning of 2017 as a result of this new investment. The project continues as expected on the Tricastin site with the physical completion nearing 90% and the "phase 2" functional tests expected to be completed before the end of 2017. The active mode tests are expected to be held in 2018, allowing the first production of UF₆ via Comurhex II before the end of 2018.
- In order to enable ETC to retain its centrifuge production, assembly, installation and maintenance skills, in 2014 SET undertook to purchase a minimum of services and supplies from ETC until 2020. In June 2017, this agreement was redefined for the years 2017 through 2020 and extended until 2024 in order to reduce the minimum purchase quantities and still guarantee the continuity of the skills of this key supplier for SET.

1.2.1.3 Back End

Recycling

- During the year, New AREVA signed several international contracts for the dismantling of vessels and vessel internals: for the Philippsburg and Neckarwestheim reactors for EnBW (Germany, March), for the Brunsbuttel and Krummel reactors for Vattenfall (Germany, April) and for the Vermont Yankee reactor for Entergy (United States, July),
- In July, New AREVA signed a contract with Japan's NFI (Nuclear Fuel Industries) for the fabrication of 32 MOX fuel assemblies for the Takahama 3 and 4 reactors operated by Kansai Epcoc, in Japan.
- The MELOX and La Hague facilities have experienced production difficulties linked to technical problems during the period. An improvement plan is in place in order to return to the expected production levels.

Nuclear Logistics

- The Nuclear Logistics business signed several Dry Storage contracts during the period, in the United States with Exelon (in March and May) and Duke (in July), and in Europe with Synatom (in July).
- On June 30, 2017, the Group sold its subsidiary MAINCO, specialized in industrial logistics operations, to a French family group.
- In the summer, New AREVA carried out a shipment of MOX fuel for its client KANSAI Epcoc between the MELOX plant in France and the Takahama nuclear power plant in Japan. The vessels of the British company PNTL, carrying 16 MOX nuclear fuel assemblies supplied by New AREVA, left the port of Cherbourg on July 5, 2017, and arrived in Japan on September 21, 2017.
- The Nuclear Logistics business obtained several certifications during the year:
 - In April and June 2017, respectively, the French Nuclear Safety Authority (ASN) and its Belgian counterpart AFCN granted transport authorizations for the new TN® MW (MW for "Multi Waste") transport cask, developed by AREVA TN.
 - In July, the United States Nuclear Regulatory Commission (NRC) certified the new NUHOMS® EOS used fuel dry storage system developed by AREVA TN. This system has a thermal capacity of 50 kW, the highest ever certified by NRC.

Dismantling and Services (D&S)

- New AREVA completed the operations to clean up and dismantle the equipment of the former MOX fuel fabrication plant at Cadarache (Bouches-du-Rhône). The sixty or so premises vacated by the fabrication process have therefore been transferred to the French Alternative Energies and Atomic Energy Commission (CEA), which operates the nuclear facility.
- On the operational side, the first eight months of 2017 were marked by the progress of several major projects. In La Hague over 500 New AREVA employees were mobilized for the dismantling of the former UP2-400 plant and the recovery of legacy waste ; several significant milestones have thus been reached, such as the successful removal of plutonium from building 107 of the MAPu facility.
- The Dismantling and Services business has continued to grow, with the recruitment of several dozen new employees in France since early 2017. The growth was combined with new commercial accomplishments, in particular with ANDRA (operation of the Centre de l'Aube disposal facility) and CEA (processing of waste at the various CEA sites in France).
- Furthermore, the Dismantling and Services business continued its "Towards 2020!" transformation plan launched in late 2016. This ambitious initiative concerns all of the entity's teams and sites. The project aims to strengthen the coordination of the wide range of services offered by Dismantling and Services, in order to enhance its commercial and operational efficiency.

1.2.1.4 Other operations

AREVA Projets

- As part of the restructuring of the AREVA group and to strengthen its position in nuclear fuel cycle engineering, New AREVA Holding acquired AREVA Projets from AREVA NP SAS on January 1, 2017.
- In 2017, AREVA Projets continued to provide its services for the steering of the inactive tests of the Comurhex II Tricastin project.
- Within the framework of an agreement with Sellafield signed in late 2016, AREVA Projets (France and UK – via RMC Ltd) completed studies in 2017 on options for the reuse of two existing facilities on the Sellafield site for the setting up of a unit on the site for the reconditioning and processing of 1,000 boxes of chlorinated Pu to be commissioned as of 2023. The objective was to determine the interest of the two facilities and to develop the two options: modification of the Pu line of the Thorp processing plant and rehabilitation of part of the building of the MOX fabrication plant (SMP), currently not in use.

AREVA Med

- A project to expand the Maurice Tubiana Laboratory was launched early in the year in order to increase the production capacities and comply with the applicable regulations in view of the upcoming clinical tests ; a design review was completed with an engineering firm specialized in pharmaceutical facilities. The work is scheduled to commence in 2018.
- The capacity of the Preclinical Research Laboratory on the Plano site (United States) was significantly increased in order to meet the stepped-up pace of the R&D program and the wider portfolio of candidate molecules.
- The various scientific research programs conducted by AREVA Med and its partners advanced in line with expectations.

1.2.2 Other developments in the nuclear fuel cycle

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

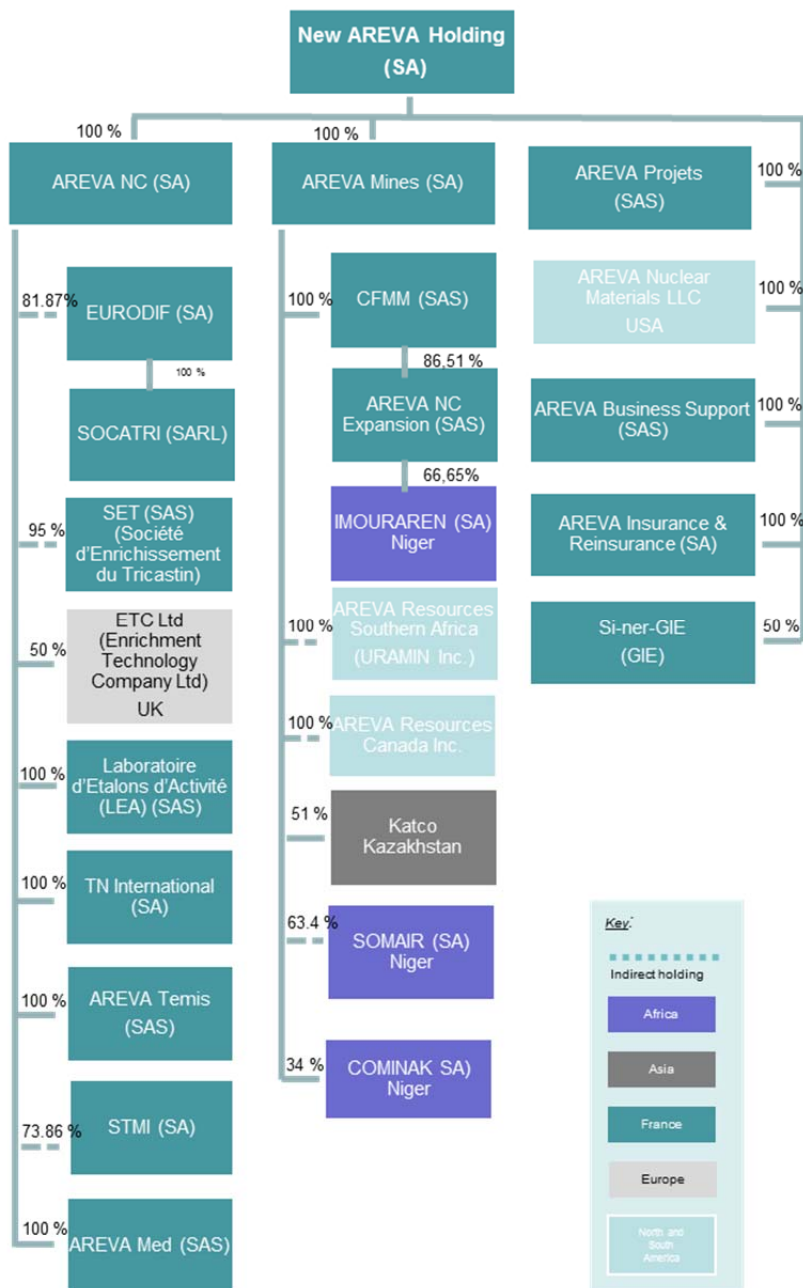
Please refer to Section 2.6 of this report for the highlights since the date of closing.

2 Situation and activities of the Company and its subsidiaries during the past year

2.1 Simplified organization chart of the Group – Subsidiaries, associates and branch offices

2.1.1 Organization chart

Simplified organization chart of the group at August 31, 2017



2.1.2 Acquisitions of equity interests or takeovers during the past year

Acquisitions of equity interests

Pursuant to the provisions of Article L. 233-6 of the French Commercial Code, it is specified that AREVA NC, a subsidiary of New AREVA Holding acquired the EURODIF shares held by ENUSA on July 19, 2017. EURODIF was already controlled by AREVA NC prior to the transaction. This acquisition followed one made in December 2016 from SYNATOM and is part of AREVA NC SA's plan to acquire all of the shares held by its European partners following the shutdown of the gaseous diffusion plant Georges Besse at the Tricastin site in order to optimize the operational management of that site. This acquisition brings its equity interest in this company to 81.87% (66.87% directly, plus the 15% held indirectly via SOFIDIF).

Takeovers

Pursuant to the provisions of Article L. 233-6 of the French Commercial Code, it is specified that within the framework of the Group's restructuring plan:

- New AREVA Holding acquired AREVA Projets from AREVA NP on January 1, 2017.
- In the first half of 2017, AREVA NC created AREVA Decommissioning & Services GmbH in Germany, whose corporate purpose is to carry out studies and projects in the field of reactor dismantling as well as all associated services. In July 2017, this company purchased the reactor dismantling business of AREVA GmbH and the shares of DSR IngenieurgesellschaftmbH, an engineering firm specialized in radiation protection and safety for nuclear facilities in active service or in the process of being dismantled.
- Lastly, on June 30, 2017, AREVA NP's industry standards laboratory business (fabrication and sales of standardized radioactive sources for civilian applications, source installation or replacement dose calibration services, fabrication of rods for starting up nuclear reactors) was contributed to Laboratoire d'Etalons d'Activités (LEA), a company initially owned by AREVA NC. As a consequence of the remuneration for the contribution, AREVA NP became a shareholder of LEA and later sold its shares (47.85%) to AREVA NC, which since July 3, 2017 once again owns 100% of LEA's capital.

2.1.3 Branch offices and representation offices

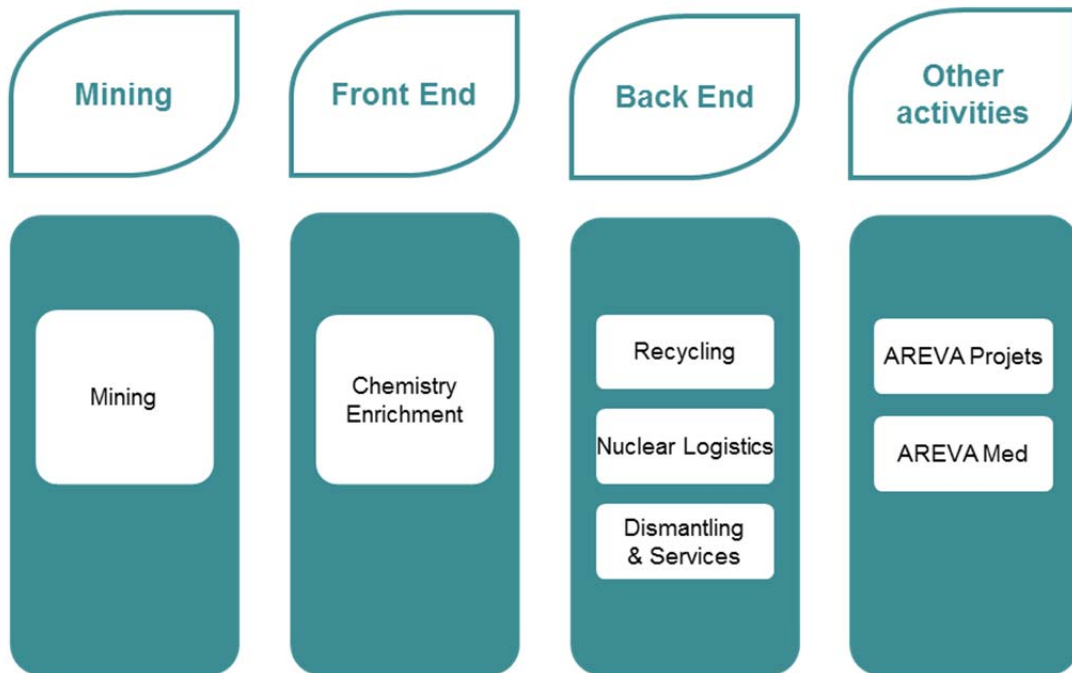
In accordance with the provisions of article L. 232-1 II, we hereby inform you that by a decision of the Chairman dated October 27, 2016, the Company opened a liaison office in Turkey called *New AREVA Holding Türkiye İrtibat Bürosu* with the aim of becoming a purchasing platform.

At August 31, 2017, the Company did not have any other representation or branch offices.

2.2 The businesses of the Group

Refocused on nuclear fuel cycle operations, New AREVA develops operations in Mining, in the Front End and Back End of the cycle, and in other operations.

Scope of NEW AREVA operations at August 31, 2017



Source: New AREVA

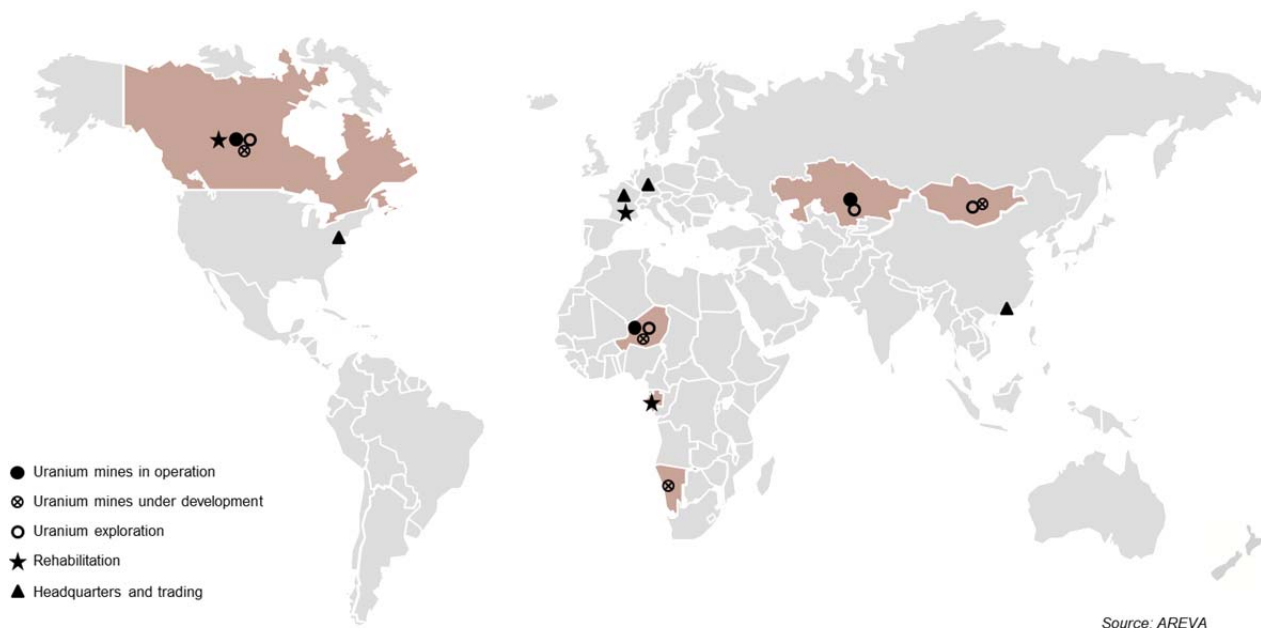
2.2.1 Mining

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

The main business lines of the Mining business are as follows:

- 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 in accordance with applicable environmental standards

THE MAIN SITES OF THE MINING BUSINESS



New AREVA has a diversified portfolio of mining assets and resources, which 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 main uranium production sites are located in three countries: Canada, Niger and Kazakhstan.

Canada

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

In Canada, the 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 Group is conducting a major exploration program and holds majority interests in several deposits. Additional studies are required to determine the development schedules for these deposits, which will depend on uranium market conditions.

McArthur River is operated as a joint venture by Cameco, which holds a 69.805% interest (New AREVA's share: 30.195%). Together with Cigar Lake, McArthur River has the world's largest mining production capacity.

Cigar Lake is owned by a joint venture consisting of Cameco Corporation (50.025%), New AREVA (37.1%), Idemitsu Uranium Exploration Canada Ltd (7.875%) and Tepco Resources Inc. (5%). The largest deposit in the world is mined by Cameco. The ore is processed in the McClean Lake mill operated by the Group. At full capacity, Cigar Lake should produce 6,900 metric tons of uranium per year (18 million pounds of U_3O_8), a level that should be reached starting in 2017, just three years after the restart of the Cigar Lake mine.

New AREVA 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 mill, designed to process very high-grade ore (>15%), processes all of the ore from Cigar Lake. Its production is in step with that of Cigar Lake's mining production, i.e. 18 million pounds of uranium concentrate per year (6,900 metric tons of uranium).

Niger

Exploration teams from the CEA detected the presence of uranium in Niger at the end of the 1950s. The uraniumiferous 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.

Somaïr (Société des mines de l'Aïr) was established in 1968. The Company is operated by New AREVA, which owns 63.4% of the shares, and SOPAMIN (Société du patrimoine des mines du Niger, the Nigerian government's mining company), which owns the remaining 36.6%. Given the current characteristics of the ore processed, capacity is in the range of 2,000 and 2,200 metric tons per year.

Cominak (Compagnie Minière d'Akouta) is 34% owned by New AREVA, which operates it. The other shareholders are SOPAMIN of Niger (31%), OURD (25%), and ENUSA (Enusa Industrias Avanzadas SA of Spain, 10%). The ore is extracted underground and then processed in the site's mill, for a capacity, considering the current characteristics of the ores processed, of approximately 1,400 metric tons of uranium per year (3.6 million pounds of U_3O_8)

Imouraren SA is 66.65% owned by AREVA NC Expansion, 10% by the State of Niger and 23.35% by SOPAMIN. This company handles the Imouraren project, one of the world's largest deposits, with 174,196 metric tons of uranium in reserves – 100% owned - at December 31, 2016, after application of the ore yield with a grade of 700 ppm. In view of market conditions, production startup work has been suspended. The site has been mothballed since 2015. The project will restart when uranium market conditions permit. A Strategy Committee set up by the State of Niger and New AREVA 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.

The annual production of Katco is about 4,000 metric tons of uranium/year.

Namibia

Trekkopje is a deposit located in Namibia that has been wholly owned by New AREVA since it was acquired 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, New AREVA decided to put the project on hold in October 2012.

Mongolia

The Group continues its successful mineral exploration work in the Sainshand basin at the Dulaan Uul and Zoovch Ovoo sites. The first activities necessary for operating the Zoovch Ovoo site are being started.

2.2.2 Front End

The Front End operations of the fuel cycle include the operations Uranium Chemistry, Uranium Conversion and Uranium Enrichment.

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 .

The uranium concentrate is converted in a two-stage process:

- In the first stage, the uranium is converted into uranium tetrafluoride (UF_4): the mine concentrate is dissolved in acid, then purified to produce UO_3 powder. This powder is then hydro-fluorinated with hydrofluoric acid, converting it into UF_4 . These operations are carried in the Group's plant at the Malvési site (Aude – France), whose annual capacity is approximately 14,000 metric tons;
- 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 Group's plant at the Tricastin site (Drôme and Vaucluse – France), whose annual capacity is approximately 14,000 metric tons.

In 2007, it was decided to invest in a new conversion plant at the Malvési and Tricastin sites in order to renew the Group's uranium conversion tool as part of the Comurhex II project. The new plant's production capacity will be 15,000 metric tons. Comurhex II is at present the only active new conversion plant project in the world. It is designed to replace the current capacity of Comurhex I while meeting the highest environmental requirements.

Enrichment of natural uranium in uranium-235

Enrichment operations consist of increasing the U-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 (UF₆) undergo isotopic separation to achieve the desired enrichment assay. New AREVA supplies the enrichment service to the customer, with the latter generally retaining ownership of its material.

Following the shut-down of Eurodif's gaseous diffusion enrichment plant in 2012, New AREVA invested in the new Georges Besse II plant and has now deployed centrifuge enrichment technology, which meets increasingly stringent nuclear safety, environmental protection and competitiveness requirements. Located on the Tricastin site, the Georges Besse II plant of Société d'Enrichissement du Tricastin (SET) has an annual capacity of 7.5 million SWU.

Other operations related to uranium chemistry

Other operations related to uranium chemistry are present on the Tricastin platform, including defluorination of depleted uranium and conversion of uranyl nitrate into oxide.

2.2.3 Back End

The Back End operations of the fuel cycle include the operations Recycling, Nuclear Logistics, Dismantling and Services.

Recycling

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 makes use worldwide of the technical and industrial expertise developed in its facilities 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.

This activity'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 Group's cumulative experience make the Group number one worldwide in recycling:

- The La Hague site provides the first stage of the 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.
- MELOX is the global market leader for the fabrication of recycled nuclear fuel, or MOX.

The Recycling business also draws on the skills of the AREVA Temis entity, which develops and offers a selection of technical skills and know-how for all high value-added industrial projects, mainly nuclear. In particular, the Company provides automated systems, designs and manufactures mechanical equipment in specialty metals, and produces fiber-reinforced concrete containers.

Nuclear Logistics

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.

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;
- 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;
- in Japan, its entity provides engineering studies, transportation, and the sale and maintenance of fuel casks for Japanese power companies;
- lastly, in Niger and China.

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.

Dismantling and Services (D&S)

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 the 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.

D&S is also responsible for dismantling the former AREVA facilities on the Pierrelatte and La Hague sites, including the UP2-400 used fuel processing plant. The entity offers its skills and resources to its customers CEA and EDF;

- 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: 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.

The Dismantling and Services business provides services to practically all of the French nuclear sites operated by New AREVA, 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.

2.2.4 Other operations of New AREVA

The other operations of New AREVA include the other cross-business functions, but also AREVA Projets and AREVA Med.

AREVA Projets

AREVA Projets provides 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.

Its areas of intervention cover all of the Group's operations: mining, uranium chemistry, enrichment, nuclear fuel, recycling of used fuel, dismantling and waste management. AREVA Projets also intends to contribute to the Group's growth targets by gradually expanding in the fields of non-fuel nuclear and non-nuclear applications.

AREVA Projets relies on more than 40 years of experience and feedback from designing and building plants that are unique in the world (La Hague, MELOX, etc.), but also from the flagship renovation projects concerning New AREVA's industrial facilities in France, i.e. the waste retrieval and packaging facilities at La Hague, the Georges Besse II enrichment plants, and the Comurhex II uranium chemistry facilities in Tricastin and Malvési.

AREVA Projets also has recognized expertise in the management and realization of international projects: Rokkasho-Mura, a recycling plant in Japan built on the model of La Hague, and MFFF, a MOX fuel fabrication plant in the United States

AREVA Med

AREVA Med is AREVA's medical subsidiary. AREVA Med has developed a unique process making it possible to extract lead-212 (^{212}Pb) at a very high degree of purity, which is a particularly rare radioactive isotope. The ^{212}Pb of AREVA Med is currently at the heart of promising nuclear medicine research projects for the development of new cancer treatments. This novel approach is called targeted alpha therapy or radioimmunotherapy when it implies using antibodies.

AREVA Med's ambition to develop effective and targeted anticancer therapies has two main objectives:

- produce high-purity lead-212 at its two production sites based in Bessines-sur-Gartempe (France) and Plano (Texas, United States) to meet the needs of clinical development;
- participate in the development of innovative treatments using AREVA Med's lead-212, in particular through scientific partnerships (Roche, RadioMedix, Morphotek, Nordic Nanovector, etc.).

2.3 Research and development activities

2.3.1 For the Company

In its capacity as the Group's holding company, the Company did not conduct any research and development activities during the year.

2.3.2 At group level

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

- development and upgrading of production capabilities in the front end of the cycle;
- for recycling-processing, maintenance and performance improvement at existing plants and recovery of waste;
- development of new shipping casks for nuclear materials and waste;
- development of methods and tools to support dismantling operations.

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 New AREVA 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.

	Period ended	
	August 31, 2017	2016
<i>(in millions of euros)</i>		
TOTAL	51	85
Number of registered patents	9	14

At August 31, 2017, the Research and Development expenses for 2017 amounted to 51 million euros, i.e. 2.18% of the period's revenue, up compared to 2016 (1.93% of revenue).

The Group filed 9 patents in the period ended August 31, 2017, and 14 in the 2016 calendar year.

2.4 Financial position of the Company and the Group during the past year

2.4.1 Context of the publication of New AREVA's financial statements for the period from January 1 to August 31, 2017

On July 26, 2017, the capital increase of New AREVA reserved for the French State, in the amount of 2.5 billion euros, was completed. This transaction resulted in a reduction in the percentage held by AREVA SA in the capital of New AREVA from 100% to 44.4%, which in turn led to the New AREVA subgroup leaving the tax consolidation group originally constituted around AREVA SA.

Since then, and to enable the constitution of the New AREVA French tax consolidation group on September 1, 2017, it was decided by the New AREVA Combined General Meeting of July 27, 2017 to temporarily modify the closing date of the Company's fiscal year by bringing forward the closing date of the fiscal year beginning January 1, 2017 to August 31, 2017 (fiscal year of eight months) and to return to a closing date of December 31 for the fiscal year beginning September 1, 2017 (fiscal year of four months).

On the closing date of December 31, 2017, New AREVA will prepare the Company and consolidated financial statements for the period between September 1, 2017 and December 31, 2017. Consolidated financial statements to December 31, 2017 covering the full twelve months of 2017, will also be prepared on a voluntary basis.

2.4.2 Summary of key figures and segment reporting

You are reminded that the 2017 data presented below concerns the period from January 1 to August 31, 2017, i.e. an exceptional duration of eight months. These figures are not comparable with the preceding fiscal year, which covered a 12-month period.

2.4.2.1 Summary of key data at group level

<i>(in millions of euros, except workforce)</i>	8 months 2017	2016*	Chg. 8M 2017 / 12M 2016
Income			
Revenue	2,339	4,401	-2,062
Gross margin	403	971	-568
Operating income	(281)	415	-696
Share in net income of joint ventures and associates	9	10	-1
Net financial income	(58)	(512)	+454
Income tax	(49)	(332)	+283
Net income from operations sold or held for sale	(2)	70	-72
Net income attributable to owners of the parent	(260)	(239)	-21
Comprehensive income	(409)	(344)	-65
Comprehensive income attributable to owners of the parent	(276)	(283)	+7
Cash flows			
EBITDA	602	1,338	-736
Change in operating working capital requirement	(149)	(171)	+23
Net operating CAPEX	(443)	(654)	+211
Operating cash flow	10	514	-504
Miscellaneous			
Net cash (debt)	(2,332)	(4,389)	+2,057
Equity attributable to owners of the parent	1,154	(976)	+2,130
Workforce at year end	19,196	18,341	+4.7%

* Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year.

2.4.2.2 Summary data by business segment

8 MONTHS 2017

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	Total
Income					
Contribution to consolidated revenue	787	401	1,115	36	2,339
Operating income	(46)	(92)	38	(182)	(281)
<i>Percentage of contribution to consolidated revenue</i>	5.8%	<i>n.s</i>	3.4%	<i>n.s.</i>	<i>n.s</i>
Cash flows					
EBITDA	406	157	164	(126)	602
<i>Percentage of contribution to consolidated revenue</i>	51.6%	39.2%	14.7%	<i>n.s.</i>	25.7%
Change in operating WCR	(67)	(73)	36	(45)	-149
Net operating CAPEX	(77)	(171)	(130)	(65)	(443)
Operating cash flow	267	(86)	66	(236)	10
Miscellaneous					
Property, plant and equipment and intangible assets (including <i>goodwill</i>)	2,909	4,201	2,507	62	9,678
Assets earmarked for end-of-lifecycle operations	2	1,592	4,536	246	6,376

2016

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	Total
Income					
Contribution to consolidated revenue	1,451	1,037	1,728	184	4,401
Operating income	183	158	67	7	415
<i>Percentage of contribution to consolidated revenue</i>	12.6%	15.2%	3.9%	3.8%	9.4%
Cash flows					
EBITDA	747	354	300	(64)	1,338
<i>Percentage of contribution to consolidated revenue</i>	51.5%	34.1%	17.3%	<i>n.s</i>	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					
Property, plant and equipment and intangible assets (including <i>goodwill</i>)	3,507	4,414	2,490	48	10,458
Assets earmarked for end-of-lifecycle operations	2	1,536	4,679	-	6,216

SUMMARY OF REVENUE BY REGION AND BUSINESS

<i>(in millions of euros)</i>	8 months 2017	2016	Chg. 8M 2017 / 12M 2016
France	1,228	2,041	-39.8%
Mining	246	364	-32.4%
Front End	194	316	-38.6%
Back End	759	1,178	-35.6%
Corporate and other operations	29	183	-84.2%
Europe (excluding France)	205	631	-67.5%
Mining	44	127	-65.4%
Front End	20	272	-92.6%
Back End	135	230	-41.3%
Corporate and other operations	6	2	+200.0%
North and South America	381	791	-51.8%
Mining	103	256	-59.8%
Front End	111	306	-63.7%
Back End	167	229	-27.1%
Corporate and other operations	0	0	n.s.
Asia-Pacific	505	900	-43.9%
Mining	383	690	-45.5%
Front End	69	123	-43.9%
Back End	53	88	-39.8%
Corporate and other operations	0	0	n.s.
Africa and Middle East	19	39	-51.3%
Mining	11	15	-26.7%
Front End	7	20	-65.0%
Back End	1	4	-75.0%
Corporate and other operations	0	0	n.s.
TOTAL	2,239	4,401	-49.1%

2.4.3 Consolidated financial statements for the period ended

Please refer to Appendix 8.1 of this report.

You are reminded that the 2017 data presented below concerns the period from January 1 to August 31, 2017, i.e. an exceptional duration of eight months. These figures are not comparable to the preceding fiscal year, which covered a 12-month period.

2.4.3.1 Backlog

<i>(in millions of euros)</i>	8 months 2017	2016	Chg. 8M 2017 / 12M 2016
Backlog	30,345	33,573	-3,228
of which Mining	8,403	9,623	-1,220
of which the Front End	9,963	10,997	-1,034
of which the Back End	11,960	12,821	-861
Of which Others	19	132	-113

The Group's backlog totaled 30.3 billion euros at August 31, 2017, compared with 33.6 billion euros at December 31, 2016. At August 31, 2017, it did not include orders related to the Hinkley Point C project (HPC). These will be added to the backlog as soon as the conditions mentioned in the AREVA press release of July 27, 2017, have been met.

2.4.3.2 Statement of Income

Revenue

<i>(in millions of euros)</i>	8 months 2017	2016	Chg. 8M 2017 / 12M 2016
Consolidated revenue	2,339	4,401	-2,062
Mining	787	1,451	-664
Front End	401	1,037	-636
Back End	1,115	1,728	-613
Corporate and other operations	36	184	-148

The Group's consolidated revenue amounted to 2,339 million euros at August 31, 2017, compared with 4,401 million euros at December 31, 2016.

Gross margin

<i>(in millions of euros)</i>	8 months 2017	2016	Chg. 8M 2017 / 12M 2016
Gross margin	403	971	-568
<i>Percentage of consolidated sales</i>	17.2%	22.1%	-4.9 pts

The Group's gross margin was 403 million euros at August 31, 2017, compared with 971 million euros in 2016.

Research and Development

The Group's research and development expenses over the period totaled 51 million euros, compared with 85 million euros in 2016.

Marketing and sales, general and administrative expenses

The group's sales and marketing, general and administrative expenses amounted to -115 million euros at August 31, 2017, compared with 96 million euros in 2016, a period for which the corporate external costs were borne by AREVA SA under existing agreements.

Other operating income and expenses

Other operating income and expenses represented a net expense of 519 million euros at August 31, 2017, compared with a net expense of 370 million euros in 2016.

The restructuring costs are described in Note 22 to the consolidated financial statements. Impairment of goodwill, of intangible assets and of property, plant and equipment are described respectively in Notes 9, 10 and 11 to the consolidated financial statements.

Operating income

The group's operating income totaled -281 million euros at August 31, 2017, compared with 415 million euros in 2016. At August 31, 2017, it was impacted in particular by impairment of mining assets for 317 million euros, and impairment of Comurhex II industrial assets for 164 million euros as well as an 80-million-euro increase in a contingency for risks and uncertainties related to the dismantling of facilities in the front end of the cycle and waste retrieval and packaging.

Operating income at August 31, 2017 includes corporate expenses borne by New AREVA, whereas in 2016 those expenses were paid by AREVA SA.

Share in net income of joint ventures and associates

The share in net income of joint ventures and associates was 9 million euros at August 31, 2017, compared with 10 million euros in 2016.

<i>(in millions of euros)</i>	8 months 2017	2016
Cominak	-5	4
ETC	15	6
Other	-1	-
TOTAL	9	10

Net financial income

Net financial income totaled an expense of 58 million euros at August 31, 2017, compared with an expense of 512 million euros at the end of 2016. 2016 was impacted in particular by the change in the discount rate (4.10% instead of 4.50% previously) applied to the provisions for end-of-lifecycle operations and the provisions for contract completion in the amount of -246 million euros.

<i>(in millions of euros)</i>	8 months 2017	2016
Net borrowing costs [(expense) / income]	(142)	(219)
Other financial income and expenses	84	(293)
Of which share related to end-of-lifecycle operations	208	(91)
Of which share not related to end-of-lifecycle operations	(124)	(202)
NET FINANCIAL INCOME	(58)	(512)

Income tax

The tax expense for the year amounted to 49 million euros at August 31, 2017. As previously, and out of caution, no deferred tax assets have been recognized in connection with the tax loss carryforwards of entities that are to be part of the New AREVA tax consolidation group. However, within the framework of the implementation of this new tax consolidation, 113 million euros in deferred tax assets for temporary differences were recognized to offset the preexisting deferred tax liabilities.

Net income from operations sold or held for sale

Net income from operations sold or held for sale amounted to -2 million euros at August 31, 2017, compared with +70 million euros in 2016, including in particular the capital gains on the disposal of Canberra France SAS, sold on July 1, 2016.

Net income attributable to minority interests

The share of minority interests in the Group's net income at August 31, 2017 was -120 million euros, compared with -110 million euros in 2016. This share mainly includes the contribution of minority shareholders in the mining and enrichment businesses.

Net income attributable to equity owners of the parent

Net income attributable to owners of the parent was -260 million euros at August 31, 2017, compared with -239 million euros at the end of 2016.

Comprehensive income attributable to owners of the parent

Including recyclable and non-recyclable items, comprehensive income attributable to owners of the Group reached -276 million euros at August 31, 2017, compared with -283 million euros in 2016.

2.4.3.3 Cash flows

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>	8M 2017
Net debt at the beginning of the period (at December 31, 2016)	(4,389)
Operating cash flow	10
Cash flow from end-of-lifecycle operations	(38)
Cash flow from financing activities	(91)
Income tax paid	(234)
Dividends paid to minority interests	(24)
Capital increase	2,500
Other items	(67)
(NET DEBT) / NET CASH AT THE END OF THE PERIOD (AT AUGUST 31, 2017)	(2,332)
CHANGE IN NET DEBT OVER THE PERIOD ENDED AUGUST 31, 2017	+2,057

The Group had total net borrowings of 2.3 billion euros at August 31, 2017, compared with 4.4 billion euros at December 31, 2016. This decrease of 2.1 billion euros in net borrowings corresponds mainly to the proceeds from the capital increase completed on July 26, partly consumed by the net cash flow from company operations, in the amount of -0.4 billion euros.

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 the period ended August 31, 2017.

<i>(in millions of euros)</i>	Operating	End-of-lifecycle operations ⁽¹⁾	Other ⁽²⁾	Total
EBITDA (i)	602			
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)	601	(10)	(407)	184
Change in working capital requirement (iii)	(149)	-	(70)	(79)
Net cash flow from operating activities (i + ii + iii)	453	(10)	(337)	105
Cash from (used in) investing activities, net of disposals (iv)	(339)	(28)	(24)	(391)
Net cash from (used in) financing activities (v)	(104)	-	2,470	2,366
Impact of changes in consolidation scope, rates, and securities held for trading (vi)	-	-	(14)	(14)
Net cash from discontinued operations (vii)	-	-	2	2
Cash flow (i + ii + iii + iv + v + vi+ vii)	10	(38)	2,096	2,068

(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.

Operating cash flow

Earnings before income tax, depreciation and amortization (EBITDA)

EBITDA fell from 1,338 million euros at the end of 2016 to 602 million euros at the end of August 2017.

Change in operating working capital requirement (WCR)

The change in operating WCR was -149 million euros at the end of August 2017, compared with -171 million euros at the end of 2016.

Net operating CAPEX

The Group's net operating Capex totaled 443 million euros at the end of August 2017, compared with 654 million euros in 2016.

Operating cash flow

As a consequence of the items described above, operating cash flow amounted to 10 million euros at the end of August 2017, compared with 514 million euros in 2016.

Cash flows related to end-of-lifecycle operations

Over the first eight months of 2017, the cash flows related to end-of-lifecycle operations totaled -38 million euros, compared with -16 million euros in 2016.

Consolidated statement of cash flows

The Group's condensed consolidated statement of cash flows is presented below:

<i>(in millions of euros)</i>	8 months 2017	2016*	Chg. 8M 2017 / 12M 2016
Cash flow from operations before interest and taxes	493	1,214	-721
Interest expense and taxes paid	(309)	(308)	-1
Cash flow from operations after interest and taxes	184	907	-723
Change in working capital requirement	(79)	(139)	+60
Cash from operating activities	105	767	-660
Cash used in investing activities	(391)	(514)	+123
Cash from (used in) financing activities	2,366	(1,542)	+3,908
<i>Impact of foreign exchange movements</i>	<i>(14)</i>	<i>86</i>	<i>-100</i>
Cash from operations sold, discontinued or held for sale	2	61	-59
INCREASE (DECREASE) IN NET CASH	2,067	(1,141)	+3,208
Net cash at the beginning of the period	1,382	2,523	-1,141
NET CASH AT THE END OF THE YEAR	3,450	1,382	+2,068

* Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year.

2.4.3.4 Balance sheet items

CONDENSED BALANCE SHEET		
<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016*
Net goodwill	1,204	1,303
Property, plant and equipment (PP&E) and intangible assets	8,474	9,155
End-of-lifecycle assets	6,376	6,216
Operating working capital requirement – assets	3,112	2,763
Net cash	3,504	1,434
Deferred tax assets	157	178
Other assets	371	366
TOTAL ASSETS	23,198	21,414
Equity and minority interests	950	(1,016)
Employee benefits	1,358	1,402
Provisions for end-of-lifecycle operations	7,480	7,341
Other current and non-current provisions	1,962	1,987
Operating working capital requirement – liabilities	5,287	5,352
Borrowings	5,906	5,873
Deferred tax liabilities	21	113
Other liabilities	234	363
TOTAL LIABILITIES	23,198	21,414

* Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year

Non-current assets

Net goodwill

Net goodwill fell from 1,303 million euros at December 31, 2016 to 1,204 million euros at August 31, 2017, a decrease of 99 million euros.

Net property, plant and equipment and intangible assets

Net property, plant and equipment and intangible assets declined from 9,155 million euros at December 31, 2016 to 8,474 million euros at August 31, 2017.

Operating working capital requirement

The Group's operating working capital requirement (operating WCR) was negative (resource), at -2,175 million euros at August 31, 2017, compared with -2,589 million euros eight months earlier.

Net cash and borrowings

At August 31, 2017, New AREVA had net consolidated cash of 3.5 billion euros, boosted by the capital increase of 2.5 billion euros reserved for the French State completed on July 26, 2017.

Furthermore, the short-term borrowings of New AREVA amounted to 1.1 billion euros, mainly comprising the bond issue for 0.8 billion euros maturing on October 5, 2017, a current account debt to AREVA SA for 0.1 billion euros, and accrued interest for 0.1 billion euros.

The Group had total net borrowings of 2.3 billion euros at August 31, 2017, compared with 4.4 billion euros at December 31, 2016. This decrease of 2.1 billion euros in net borrowings corresponds mainly to the proceeds from the capital increase completed on July 26, partly consumed by the net cash flow from company operations, in the amount of -0.4 billion euros.

Equity attributable to owners of New AREVA

Equity attributable to owners of the parent totaled 950 million euros at August 31, 2017, compared with -1,016 million euros at December 31, 2016. This change mainly reflects the capital increase of 2.5 billion euros reserved for the French State completed on July 26, 2017.

Assets and provisions for end-of-lifecycle operations

The change in the balance sheet from December 31, 2016 to August 31, 2017 with regard to assets and liabilities for end-of-lifecycle operations is summarized in the table below.

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Assets		
End-of-lifecycle assets	611	635
of which New AREVA Holding share (to be amortized in future years)	496	508
of which Third-party share	115	127
Assets earmarked for end-of-lifecycle operations	6,261	6,089
Shareholders' equity and liabilities		
Provisions for end-of-lifecycle operations	7,480	7,341
of which Provisions for end-of-lifecycle operations (New AREVA share)	7,233	7,100
of which Provisions to be funded by third parties	247	241

The change in assets and provisions for end-of-lifecycle operations is described in Note 12 to the consolidated financial statements.

2.4.3.5 Key figures by business segment

New AREVA 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 operations provided mainly by AREVA Business Support.

The key figures of New AREVA for the period ended August 31, 2017 are presented by business segment below.

<i>(in millions of euros)</i>	8 months 2017	2016*	Changes 8M 2017 / 12M 2016
Backlog	30,345	33,573	-3,228
- Mining	8,403	9,623	-1,220
- Front End	9,963	10,997	-1,034
- Back End	11,960	12,821	-861
Revenue	2,339	4,401	-2,062
- Mining	787	1,451	-664
- Front End	401	1,037	-636
- Back End	1,115	1,728	-613
- Corporate and other operations*	36	184	-148
Operating income	(281)	405	-686
- Mining	(46)	183	-229
- Front End	(92)	158	-250
- Back End	38	67	-29
- Corporate and other operations*	(182)	(3)	-179
EBITDA	602	1,338	-736
- Mining	406	747	-341
- Front End	157	354	-197
- Back End	164	300	-136
- Corporate and other operations*	(126)	(64)	-62

Operating cash flow	10	514	-504
- Mining	267	510	-243
- Front End	(86)	(109)	+23
- Back End	66	208	-142
- Corporate and other operations*	(236)	(95)	-141

* Includes the Corporate operations and AREVA Med

You are reminded that the 2017 data presented below concerns the period from January 1 to August 31, 2017, i.e. an exceptional duration of eight months. Consequently, these figures are not comparable to the preceding fiscal year, which covered a 12-month period.

2.4.4 Company financial statements for the period ended

Please refer to Appendix 8.2 of this report.

2.4.5 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 fiscal years.

2.4.6 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.

2.5 Foreseeable developments and future prospects

2.5.1 Future prospects

Reflections on the strategic directions identified positive long-term prospects for the nuclear markets. However, they also found that New AREVA's main businesses will be facing a challenging environment over the coming ten years and that the Company must be able to develop independently.

Consequently, the medium-term action priorities aim to:

- pursue the managerial transformation of the Group and the industrial platforms, through operational excellence, including industrial 4.0, with the aim of improving safety, quality, costs and delivery times for customers;
- deploy efforts in our traditional markets and in growth regions in Asia, in particular in China;
- develop operations and new sources of profitability, based on the Group's businesses and without changing its risk approach, for internal (end-of-lifecycle obligations) and external needs.

Human resources are at the heart of these priorities with:

- a master plan aiming to retain and develop key skills for operations and customers;
- continued harmonization of the professional levels in the Group in order to facilitate the mobility needed to develop skills, promote innovative approaches, and share best practices;
- training and recruitment programs aligned with the Group's growth objectives for its businesses, in particular services.

The Group will also pursue its efforts to reduce operating costs and Capex:

- operating and central costs will be reduced through efforts in terms of operational excellence (purchasing, operations), digital innovation and transformation, and wage cost control;
- Capex will be reduced through optimization of project scheduling and costs while increasing future investment in performance and business development.

At the same time, an ambitious business development plan will be implemented for both current and new operations (in particular in Asia), thus offering the Group strong growth momentum.

All the actions implemented will enable the Group to:

- be able to meet its financial obligations, with the proceeds of the capital increases;
- balance the efforts spent on operations and services;
- grow in buoyant markets, in particular in Asia.

2.5.2 Financial outlook of New AREVA

2.5.2.1 Liquidity position for the current fiscal year

The Group expects a net cash position of between 1.5 billion euros and 2 billion euros at the end of 2017. The net cash position anticipated at December 31, 2017 includes in particular the reimbursement of bond debt maturing in October 2017, which took place on October 5, in the amount of -0.8 billion euros, and the increase in funds earmarked for end-of-lifecycle operations in the amount of -0.8 billion euros expected for the end of the year.

As indicated previously, the proceeds of 0,5 billion euros from the capital increase subscribed by JNFL and MHI during the sale of New NP, planned for the end of the year, is not expected to be received until the beginning of 2018 in view of the time required to convert the funds placed in a trust account.

2.5.2.2 For 2020

The target for New AREVA's profitability in 2020 remains unchanged and is in the range of:

- 22% to 25% for the EBITDA margin;
- more than 8% for the operating margin.

This outlook could be reviewed following (i) revision of the Multi-Year Energy Program (Programmation Plurianuelle de l'Energie - PPE) expected by the end of 2018, and (ii) application of the new standard, IFRS 15, relating to recognition of revenue.

2.6 Significant events since the date of closing

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

No events subsequent to the balance sheet date have been identified as likely to have a significant impact on the Group's financial statements.

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

As described in Section 1.1.2 above, the financial restructuring of New AREVA is achieved in particular through two capital increase operations, the first reserved for the French State (the First Capital Increase), the second for MHI and JNFL (the Second Capital Increase, or the Capital Increase Reserved for the Investors).

Following the Preconditions set in the European Commission decision of January 10, 2017 had been met, the First Capital Increase was implemented on July 26, 2017.

The completion of the Second Capital Increase is subject to meeting the conditions precedent, including the transfer of majority control over New NP to EDF, as well as the standard conditions pertaining to the entry of strategic investors into the capital of New AREVA Holding. These conditions are expected to be fulfilled by the end of 2017, thus allowing the completion of the Second Capital Increase in early 2018.

3 Risks and risk management

3.1 Description of the main risks and uncertainties facing the Group

3.1.1 Risks related to challenges to or the non-execution or delay of the capital increases of the Company

In the context of the AREVA Group's restructuring plan, it was 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 3 billion euros, as more fully described in Section 1.1. *Restructuring of the AREVA group and creation of New AREVA*.

Pursuant to the decision of the European Commission of January 10, 2017, the French State recapitalized New AREVA Holding on July 26, 2017 in the amount of 2.5 billion euros. On September 13, 2017, Teollisuuden Voima Oyj declared that it had appealed this decision with the Court of the European Union. Although it does not have suspensive effect and does not therefore interfere with the restructuring of the Group, this appeal, should it succeed, could invalidate the European Commission's decision of January 10, 2017.

Furthermore, although the capital increase reserved for MHI and JNFL was authorized by the Company's General Meeting of February 3, 2017, this transaction remains dependent on the conditions precedent related to it being lifted.

The Group cannot make any guarantee that the conditions will be met in the timetable given. If these conditions are not lifted in the time expected, this would have a significant negative impact on the business operations and financial position of the Company.

3.1.2 Legal risks

3.1.2.1 Regulatory risk

New AREVA 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. The Group is required to 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. In the event of an incident or of non-compliance, the operator may be subject to administrative, civil or criminal sanctions. 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 the environment, health and nuclear security, could necessitate updates to the Group's facilities and products in order to ensure compliance. In France, the French Nuclear Safety and Transparency Law of June 13, 2006 ("TSN Law") codified in the French Environmental Code requires a periodic reassessment of nuclear safety, which is likely to translate into considerable expense in respect of compliance work.

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.

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.

3.1.2.1.1 Nuclear and environmental regulations

New AREVA'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 (RNF) 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 (RNF) or their corollaries in other countries, are:

Legal Entity			
Location	Business Unit	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) 2 RNFs on this site now decommissioned/dismantled, pending declassification.

(2) 7 RNFs on this site, of which 4 are now decommissioned/dismantled.

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, RNFs operated by New AREVA fall within a strict legal framework. 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 as amended, pertaining to regulated nuclear facilities and, in matters of nuclear safety, to the regulation of the transportation of radioactive materials. These provisions were strengthened by the decree of February 7, 2012 as amended, which set the general rules for regulated nuclear facilities. 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 (notably articles L. 596-14 et seq. of the French Environmental Code). Each RNF operator must submit an annual information report focusing in particular on the measures taken as concerns nuclear safety and radiation protection and waste discharged into the environment, which is made public (article L. 125-15 of the French 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. Facilities that may represent hazards or disadvantages for the interests protected by the French Environmental Code are subject to prior reporting, either through a registration process or through a licensing process.

New AREVA 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, their facilities and their transportation;
- the safety of critically important facilities;
- nuclear facilities and operations involving national defense (French acronym IANID) as provided in the French Defense Code;
- the transportation of radioactive materials;
- monitoring trans-border movements of radioactive waste.

Specific 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.

The legal entity responsible for the operation and dismantling of facilities is the nuclear operator. 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.

Depending on the specific characteristics of each facility, dismantling operations may take several decades. Dismantling involves a series of operations, from the shutdown of the nuclear facility to the decision of the competent authorities to decommission the facility. In France, New AREVA currently holds authorizations to operate 18 RNFs (of which six are officially in final shutdown/dismantling and two are waiting to be decommissioned), plus 1 declassified secret regulated nuclear facility. 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 dismantling are treated in Section 3.1.3.1.8. *Risks related to end-of-lifecycle operations.*

Specific regulations governing radioactive waste

In France, the waste generated by operations or by the dismantling of RNFs is governed primarily by the French 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. The producer of the waste from nuclear operations or dismantling operations is required to process and dispose of such waste. Under the terms of the French Environmental Code, producers of spent fuel and radioactive waste are responsible for these substances.

Under the terms of Articles L. 594-1 et seq. of the French Environmental Code, operators of regulated nuclear facilities must make accounting provisions to cover the cost of dismantling facilities and managing used fuel and radioactive waste, and allocate the necessary assets to cover those provisions. These assets are recognized separately and 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. These earmarked assets are protected against all creditors with the exception of the State. All of these elements are audited by the administrative authorities and assessed, every three years, by the National Commission for the evaluation of the funding of expenses for the dismantling of regulated nuclear facilities and the management of spent fuel and radioactive waste.

3.1.2.1.2 Rules of professional ethics

New AREVA attaches special importance to adherence to strict ethical values in connection with its operations.

The corporate Code of Ethics was revised in 2016 by AREVA SA as part of a comprehensive, intensified compliance program and applies mutatis mutandis throughout the Group. In addition to nuclear safety, AREVA 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, officers or representatives of the Group could nonetheless occur and, depending on their severity, could have repercussions on New AREVA's reputation and result in potential financial expenses.

3.1.2.2 Contractual and commercial risks

3.1.2.2.1 Breach of contractual commitments

AREVA 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.

In such instances, the Group may not be able to recover expenses incurred for a project and consequently may fail to achieve the operating margins factored in 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.

3.1.2.2.2 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 partnerships and concessions.

3.1.2.2.3 Long-term contracts

New AREVA signs long-term contracts that may prevent the Group from taking advantage of increases in the market price of certain 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 additional costs that cannot be passed on to customers, such as unanticipated increases in costs, technical difficulties, or subcontractor default. The performance of this type of contract could therefore reduce the Group's anticipated profitability, or even cause an operating loss.

3.1.2.2.4 Warranties

The warranties provided in the Group's contracts or financing are limited in duration and capped in value, and exclude indirect and immaterial damages. However, the Group could under certain circumstances give warranties exceeding those limits, particularly in competitive markets.

3.1.2.2.5 Early termination clauses

New AREVA enters into contracts that 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.

3.1.2.2.6 Requirements contracts

Some contracts signed by entities of the Group, in particular in the Chemistry-Enrichment Business Unit, are for variable quantities, depending on 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.

3.1.2.3 Risks and disputes involving New AREVA

The Company is exposed to the risk of disputes that could lead to civil and/or criminal penalties.

3.1.2.3.1 Mr. Jean-Marc Gadoullet

On October 6, 2016, Mr. Jean-Marc Gadoullet summoned AREVA SA and AREVA NC before the Tribunal de Grande Instance of Nanterre, in order to obtain payment of compensation he claims is due in respect of services supposedly rendered to the AREVA Group in Niger between September 2010 and October 2013. AREVA NC believes that the claims of Mr. Gadoullet are unfounded and has challenged, in limine, the jurisdiction of the Tribunal de Grande Instance in this matter. The court's decision on this procedural issue is expected in the first quarter of 2018.

3.1.2.3.2 Miscellaneous investigations

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

3.1.3 Industrial and environmental risks

By nature, the operations carried out by the Group, in particular in the nuclear facilities listed in 3.1.2.1.1, pose risks. To prevent these risks and limit their consequences, New AREVA has adopted risk management 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. The Group's operations do 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.

3.1.3.1 Nuclear risks

3.1.3.1.1 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.

In accordance with applicable regulations, 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). 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.

The results achieved (see Note 8.8. *Corporate Social Responsibility*) testify to the effectiveness of these practices and the high 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.

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 causes concentrations to rise to the limit value.

3.1.3.1.2 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.

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 a risk management approach adapted to the nature of the risk and in compliance with regulatory requirements defined for each technical field.

3.1.3.1.3 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.

Natural phenomena

Earthquakes 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.

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.

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.).

Adverse weather conditions and flooding: These risks 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.

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 8.8, Section 2. *Environmental Information*). Other measures are being implemented in accordance with regulatory decisions by ASN applicable to the Group's nuclear facilities.

3.1.3.1.4 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.

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.

3.1.3.1.5 Nuclear safety at New AREVA

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.

Action principles: Nuclear safety applies to every stage in the facility lifecycle, from design to dismantling, and to the services operations.

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.

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.

Sub-contracting: Ensuring nuclear safety, health, industrial safety and environmental protection in subcontracted activities is an ever-present concern for the nuclear industry. New AREVA is committed to improving the formal conditions for subcontracting and for monitoring subcontracted work.

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 8.8 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.

In addition, pursuant to the French 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.

Although nuclear safety is regarded as an absolute priority in the program described above, and the feedback about major accidents in recent years has been taken into account on group sites via investments made and additional safety evaluations, the risk of occurrence of an event having consequences beyond a nuclear site operated by New AREVA cannot be completely excluded.

3.1.3.1.6 Protection and safeguard of nuclear materials and facilities

Malicious acts: 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.

In addition to the measures adopted to prevent the risks of an incident or accident and limit the consequences to the greatest possible extent, 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 with nuclear safety, the measures taken are based on the principle of "defense in depth".

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

3.1.3.1.7 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.

3.1.3.1.8 Risks related to end-of-lifecycle operations

As operators of regulated nuclear facilities (RNF) 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.

The Group plans for the dismantling of its new facilities from the beginning of the design phase. 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.

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 8.1. *Consolidated financial statements*, Note 12. End-of-lifecycle operations.

Provisions for end-of-lifecycle expenditure are based on the Group's estimates of future costs, which are by nature based on assumptions. It cannot be stated with certainty, however, that the amounts currently provisioned will be in line with the actual costs finally incurred by the Group. 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 risks that could have a significant impact on the cost of end-of-lifecycle operations are in particular:

- differences between the initial estimated condition of legacy facilities and waste and their actual condition;
- changes in regulations, particularly with respect to dismantling, the target final condition of the facilities and soils after dismantling, the storage solutions used 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.

At the end of August 2017, we can note two events that may influence the amount of End-of-lifecycle provisions:

- an audit of the quotation for the dismantling of the Georges Besse enrichment plant, conducted by the administrative authority (DGEC), concluded in July 2017 with the issue of a report listing the recommendations of the auditors. A follow-up letter to be issued by the DGEC will shortly specify the actions demanded of the operator as a result of this audit. Taking these demands into consideration could lead to raising the estimate for dismantling the Georges Besse plant (EURODIF).

- 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 decree is expected at the end of 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 31, 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.

The Group holds a portfolio of financial assets (equities, bonds, investment funds and third-party receivables) to fund operations related to its future end-of-lifecycle obligations. The coverage ratio of the end of the cycle liabilities by earmarked assets was less than 100% at August 31, 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:

- an unfavorable development in the financial markets that could pose a risk of lower performance of the assets versus the assumptions currently retained;
- a reduction in 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.

3.1.3.1.9 Specific coverage relating to the activities of nuclear facility operator

International nuclear liability law is distinct from general liability law in that the operator of the nuclear facility causing the damage has sole liability. Its liability is objective ("no fault"), for which there are few exemptions. The operator of a nuclear installation is therefore required to compensate the victims for any physical injury and property damage they have suffered and for this purpose must maintain a financial guarantee (generally, an insurance policy), in order to cover its liability, for a limited amount.

This arrangement is defined by international conventions, including the Paris Convention of July 29, 1960 as amended, supplemented by the Brussels Supplementary Convention of January 31, 1963. All of New AREVA's nuclear facilities are located in France, where the maximum amount of the operator's nuclear liability 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. Beyond this, the French State may intervene, up to a maximum of 228.6 million euros. The community of States parties to the Brussels Convention can intervene beyond 228.6 million euros, up to 381.1 million euros.

Amendment protocols of the Paris and Brussels Conventions significantly increase the three tranches of compensation but are not yet in effect.

However, French law no. 2015-992 of August 17, 2015 on the Energy Transition for Green Growth in France (the "TECV law") provides for the early application of the increase in 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).

One of the Group's RNFs (SOCATRI) and one of its ICPEs (STMI in Bollène) 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 French Environmental Code related to liability in the nuclear energy field.

Description of insurance acquired

For its regulated nuclear facilities (RNF) in France and abroad, and for its nuclear transportation operations, the Company benefits from the insurance program to which the 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 New AREVA's Insurance Department.

The risk that the coverage terms of the insurance policies are not met or that the ceilings for this coverage are met and that thus the policies are insufficient to fully cover the consequences of a disaster cannot be ruled out.

3.1.3.2 Chemical risk management

3.1.3.2.1 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 these are subject to the high-threshold "Seveso" regulations (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.

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.

3.1.3.2.2 Risks related to 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.

It requires the registration of all chemical substances produced or imported in quantities of more than one metric ton per year. 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. The 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.

For the substances of most concern for health and the environment, 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. Nevertheless, New AREVA is concerned by only a few of these substances; a Research and Development program is in progress to find substitutes for them.

In light of the measures taken by the Group and its industrial sites to keep abreast of regulations, bring facilities into compliance with the REACH regulation and the R&D programs developed to anticipate the prohibition of substances used in its processes, New AREVA believes that the management of chemical substances in its facilities, from procurement through use, is well in hand. Consequently, the Group evaluates the residual risk from implementing the REACH regulation as being low. Nevertheless, despite the measures taken, the residual risk from implementing REACH, although low, cannot be ruled out.

3.1.3.3 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 nevertheless believes that it complies substantially with legal and regulatory provisions pertaining to health and safety in the various countries 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 8.8., Section 1. *Labor information*). However, the risk of occupational disease cannot, in principle, be excluded.

3.1.4 Operational risks

3.1.4.1 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 increased by the fact that the Group's various plants, for each given operation, are strongly integrated and interdependent. In addition, some of the Group's suppliers could have financial difficulties, could cease to be authorized to market their products, particularly under the European REACH regulation, or might not meet the demand in accordance with the deadlines and quality standards required by the Group. 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 notably trigger penalties for delays.

Although the Group carries out measures to limit the impact of any breakdowns and this risk is covered by business interruption insurance, and despite selecting its suppliers according to strict quality and financial strength criteria, it cannot completely eliminate the risk of the occurrence of:

- an industrial breakdown and/or
- an interruption to the logistics chain or to work in the Group's industrial units or at a supplier; and/or
- difficulty in replacing certain suppliers if they lose the authorization to market their products.

The occurrence of any one of these risks could have a significant negative impact on the Group's financial position and its ability to respond optimally to the requests of its customers.

3.1.4.2 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.

3.1.4.3 Risk associated with dependency on the Group's customers

New AREVA's loss of one of its main customers, 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 Group has very substantial commercial relations with the EDF Group. At August 31, 2017, EDF France represented approximately 41 % of the Group's revenue. In the fuel cycle, the relationship between EDF and New AREVA is governed by multiyear contracts.

In its operating segments, these contracts give New AREVA operating visibility beyond 2020, with the regular renewal of multi-year contracts.

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 70 % of its revenue at the end of August 2017.

3.1.4.4 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 attacks, it cannot guarantee that they will not in future have a significant impact on its operations.

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

3.1.4.5 Supplier concentration in the procurement chain

A decrease in the supply of certain strategic components or an increase in the cost of certain commodities 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.

3.1.4.6 Risks related to implementation of the performance plan

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

While the Group is working on the successful implementation of this performance plan, no guarantees can be given as to the achievement of the envisaged profits and cost reductions within the expected period of time. If the Group does not achieve the objectives of the performance plan on time, or if it fails to reach its objectives, that could have a significant unfavorable impact on its operations and financial position.

3.1.5 Risk related to major projects

Generally, the revenue, cash flow and profitability recognized for a project can vary significantly according to the percentage of completion of the project in question. 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 include financial difficulties or payments withheld; the default or financial difficulties of suppliers, subcontractors or partners in a consortium in 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.

New AREVA's industrial projects

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

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.

3.1.6 Other risk

3.1.6.1 Political and economic conditions

New AREVA'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.

In addition, the Group is present in a large number of countries, including countries marked by various 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.

Lastly, 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, deregulation of the electricity market has introduced volatility in the market price of our products and services, which is likely to cause a decline in investment in the nuclear sector.

3.1.6.2 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.

3.1.6.3 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.

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.

3.1.6.4 Human resources risk

To carry out its business operations, the Group is dependent on the recruitment of employees, either to maintain skills or to acquire new ones. It ensures that its hiring is carried out in a timely manner and under and satisfactory conditions.

In addition, the Group must, in some areas, rely on expertise that it does not have in-house in order to carry out its projects, thus making it dependent on an external factor to conduct certain operations, which could have a negative impact on such operations and on the Group's financial position in the event of difficulties in making use of that external resource.

Social unrest, for reasons within or outside the Group, might disturb the functioning of its business and affect its financial position.

Finally, the Group continues to closely monitor the state of technical skills potentially affected by the voluntary departure plans implemented from 2016. It ensures the maintenance of these skills with an action plan including targeted hiring and training.

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

New AREVA has a dedicated organization that uses financial risk management policies approved by Executive Management to manage its exposure to foreign exchange, commodity, interest rate and liquidity risks centrally.

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.

3.2.1 Liquidity risk

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

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.

At August 31, 2017, New AREVA Holding had a long-term credit rating of BB from Standard & Poor's, with a positive outlook.

Beyond the day-to-day operations of New AREVA, which will remain broadly balanced over the next 12 months, the Company must notably:

- ensure the repayment of its short-term borrowing of 1.1 billion euros, primarily comprised of the bond issue of 0.8 billion euros and accrued interest of 0.1 billion euros. This repayment was made as expected on October 5, 2017;
- increase its earmarked fund for end-of-cycle operations in the amount of 0.8 billion euros
 - in accordance with the joint request from the Minister of the Environment and the Minister of Finances (letter dated January 5, 2017), achieve a coverage level of 95% in 2017; and
 - as set out in the Group business plan approved by the Board of Directors in August 2016.

In order to meet its commitments and ensure the continuity of operations over the long term, as at August 31, 2017, New AREVA had gross cash available of 3.5 billion euros. In addition, the release of funds relating to the capital increase reserved for third party investors in the amount of 0.5 billion euros will take place in January 2018, after the completion of the sale of New NP by AREVA before the end of 2017.

These factors will enable New AREVA to meet its financial obligations and ensure its sustainable development, before being in a position in the medium term to refinance on the markets. Beyond the next 12 months, the first significant debt maturities are comprised of the repayment of a private placement equivalent to approximately 61 million euros maturing on September 20, 2018, and the bond issue of 750 million euros maturing on November 6, 2019.

3.2.2 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 rose approximately 12% between December 31, 2016 and August 31, 2017.

The business units with significant exposure to the risk of the US dollar's depreciation against the euro are Mining and Chemistry – Enrichment, 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 reference currency for worldwide prices for natural uranium and uranium conversion and enrichment services. 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.

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.

For more information, please refer to Appendix 8.1. *Notes to the consolidated financial statements*, Note 28. Financial instruments.

3.2.3 Interest rate risk

The Group's exposure to interest rate fluctuations 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 8.1. *Notes to the consolidated financial statements*, Note 28. Financial instruments.

3.2.4 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.

For more information, please refer to Appendix 8.1. *Notes to the consolidated financial statements*, Note 28. Financial instruments.

3.2.5 Risks associated with uranium, enrichment and conversion

3.2.5.1 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.

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.

3.2.5.2 Movements in the price 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.

Historically, the prices of uranium and of conversion and enrichment services have undergone significant fluctuations. These relate to factors outside 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.

3.2.6 Commodity risk

The Group does not have significant exposure to commodity price fluctuations other than those mentioned in Section 3.2.5 above.

3.2.7 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 derivatives to manage its exposure to foreign exchange and interest rate risks. The Group primarily uses forward buy/sell currency contracts and rate derivative products, such as swaps, futures and 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).

3.3 Risk management policy and the internal control system

3.3.1 Risk management policy

3.3.1.1 Risk management

3.3.1.1.1 General organization in the area of risk management and control

The policy for risk management and insurance has the objective of protecting the operations, results and strategic objectives of the Group.

The Risk Committee coordinates, for all nuclear operations and on a worldwide basis, the analysis of the Group's key risks and the implementation of the action plans necessary to limit those risks. Its composition brings together the key functional areas in the Company that can provide special expertise or knowledge, enabling it to assess the criticality of certain risks and their potential consequences.

The members of the Risk Committee are:

- the Chief Financial and Legal Officer (Chairman of the Committee);
- the Senior Executive Vice President of Human Resources, Communications, Property and the Work Environment;
- the Senior Executive Vice President of Customers, Strategy, Innovation and R&D;
- the Senior Vice President of Safety, Health, Security and the Environment;
- the Senior Vice President of Insurance;
- the Senior Vice President of Risk and Internal Audit;
- the Secretary of the Risk Committee.

As part of its mission, the Risk Committee makes use of all of the expertise of the Group.

The Risk and Internal Audit Department develops the methodological tools that ensure consistency in the treatment of risk among the different entities of the Group, assists in their use and promotes the exchange of best practices. The Risk and Internal Audit Department consolidates risk assessment at Group level. In terms of financing, the Insurance Department arbitrates between bearing a portion of these risks and transferring them to the insurance and reinsurance markets through the Group's global worldwide programs. This specific point is discussed further in Section 3.3.1.2. *Risk hedging and insurance.*

3.3.1.1.2 Risk Mapping

The main objectives of risk mapping are:

- the formal identification of operational and financial risks;
- the characterization of these risks in order to prioritize them;
- the definition and implementation of action plans of actions to limit them.

The Risk and Internal Audit Department coordinates this effort by:

- setting up methodological software tools and common guidelines;
- leading a network of "risk" liaisons deployed in the operational units.

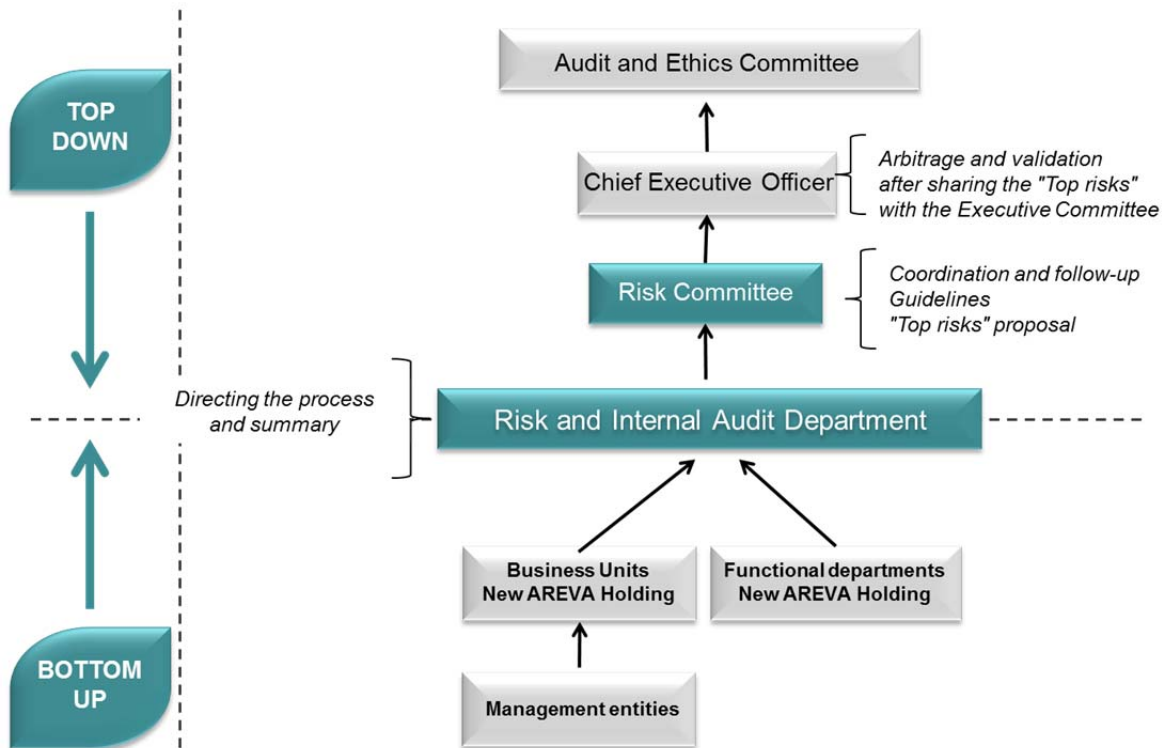
The risk mapping is repeated every year by the Risk Committee, which prepares a summary that, following discussion by the Executive Committee, is approved by the Group Chief Executive Officer and then presented to the Audit and Ethics Committee of the Board of Directors. This approach covers all entities within the Group.

The Group's annual audit plan is built, in part, on the basis of the results of the mapping updated each year. Audit assignments are then conducted by the Risk and Internal Audit Department to ensure that action plans to limit the risks are properly carried out.

3.3.1.1.3 Risk analysis and control

The main features of risk management are:

- a continuous documented process including the identification, analysis, prioritization, optimization, financing and monitoring of risks;
- a wide scope of action, covering all the Group's activities, both operational (investments, manufacturing, sales, execution of projects or services, etc.) and functional (financing, legal constraints, contractual obligations, organization, human relations, etc.);
- the development of continuity and crisis management plans.



The first step in the risk management process is the identification of risk, with the help of a Business Risk Model (BRM) prepared for the operational units. The BRM lists, in a set number of risk types or families of risks, all of the situations or foreseeable or unexpected events that may impact the safety of the staff, the financial results of the business unit or of the Group or its brand image.

The BRM is designed to evolve over time by incorporating best practices and feedback from users.

This mapping makes it possible to gather the elements of proposals and decisions on the implementation of action plans intended to optimize the management of each risk and make the residual risk acceptable to the Group. Operational units have the responsibility of identifying, analyzing and prioritizing their risks and then managing them by implementing action plans and allocating the appropriate resources.

In each business unit, the liaisons responsible for risk management provide their management with a Group-wide vision of risks and their control by the different sites and entities. The Risk Committee is then kept informed of progress in the action plans and decides on the risks that might affect the Group's strategic objectives.

The Group shows its commitment to transparency in its risk management, in particular, in the publication by the main sites of the results of environmental measures and more generally in the implementation of the Nuclear Safety Charter as it applies to the operations of New AREVA. The measurement and calculation of the sustainable development indicators published by the Group are carried out using a measurement and reporting protocol.

Finally, the risks relating to nuclear safety, the environment, the physical protection of the New AREVA facilities and their security are managed by the operational units with the support of the Company's specialized departments, and monitored by national or international authorities.

3.3.1.1.4 Risk management relating to the Group's industrial operations

Industrial facilities operated by New AREVA are statutorily classified in different categories corresponding to the level of risk and to their quantity of nuclear material or chemical substances.

In addition to the means of preventing and countering malicious acts, along with civil safety measures in the event of accident, facility safety consists in particular in:

- ensuring the protection of employees, the population and the environment against the harmful effects of ionizing radiation and chemical substances;
- defining and implementing the measures intended to prevent accidents and limit their effects.

3.3.1.2 Risk hedging and insurance

Certain risks, were they to materialize, could be covered by one or more policies held by the Group as part of its insurance strategy.

To limit the consequences of certain potential events on its operations and financial position, New AREVA uses risk transfer techniques with leading insurers and re-insurers on the international markets. New AREVA also has insurance coverage for its industrial risks, its civil liability and other risks related to its operations, both nuclear and non-nuclear. The amount of the respective coverage varies according to the nature of the risk and the Group's exposure.

The Group-wide insurance strategy is carried out by the New AREVA Holding Insurance Department, which:

- proposes to the Executive Management internal financing solutions or the transfer of these risks to the insurance market;
- negotiates, implements and manages the global worldwide insurance programs for the entire Group and reports to Group Executive Management on the actions undertaken and costs incurred;
- negotiates, in support of the subsidiaries concerned, the payment of claims.

3.3.1.2.1 Group worldwide insurance programs

New AREVA's civil liability

The Group is covered by a "worldwide" program of civil liability to a degree appropriate to its size and its operations. Coverage includes:

- operating liability, relating to operating activities and services rendered on customer premises;
- post-delivery civil liability;
- professional civil liability, which deals with the financial consequences of damage following the provision by a Group company of an intellectual service.

Civil liability for damage to the environment, damage to entrusted goods or the cost of product withdrawal is also covered.

The program covers the financial consequences of civil liability that may be incurred by the operational entities due to their operations, in respect of physical harm, material and immaterial damages caused to third parties, outside of the responsibility of the nuclear facilities operator and with the exception of certain losses traditionally excluded from the scope of the insurance, such as the collapse of land, damage related to asbestos, or damage resulting from computer viruses. Coverage levels for liability insurance are based on the amounts of coverage available on the insurance market, and the quantification of the risks reasonably foreseen by the Group and identified by the operational units when the risk-mapping is carried out.

Insurance coverage relating to the operations of a nuclear facility operator

For a description of the insurance taken out relating to the activities of operators of nuclear installations, refer to Section 3.1.3.1. *Nuclear risks*.

3.3.1.2.2 Outlook and changes in 2018

The insurance programs will be renewed in April 2018 throughout the Group.

3.3.2 Internal control system

3.3.2.1 Introduction

The scope of the internal control system, as described below, applies to New AREVA Holding as well as to all companies controlled by it, regardless of their legal form.

3.3.2.1.1 New AREVA's commitments

New 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.

To improve existing systems, AREVA SA's Director of Compliance published a Code of Ethics in 2016 to replace the old Values Charter and a Compliance Policy governing its implementation. New AREVA subscribes to this Code of Ethics in full; it applies *mutatis mutandis* to all the Group's operations. 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 have also been put in place.

The Code of Ethics to which the entire Group subscribes 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 uncompromising commitment to fighting corruption.

In 2017, the Director of Compliance of the AREVA Group led the annual report process on compliance with the Code of Ethics and presented the 2016 executive summary of the report to the Audit and Ethics Committee of the Board of Directors.

At the request of the Chief Executive Officer and with the full support of its governance bodies, the Group has been carrying out a program to strengthen compliance and professional ethics. This initiative reflects New AREVA's desire to rise rapidly to the highest level of standards of publicly traded companies. In this connection, there is a whistleblowing procedure in place. The latter is supplemented by a process of "individual compliance commitment letter" for all senior executives or persons in positions of responsibility within the Group.

Concerning the procedures required by the Sapin 2 Law, New AREVA has called on an independent external advisor experienced in this area to undertake a full review of its anti-corruption compliance system to ensure its robustness in the light of the requirements of the Law.

3.3.2.1.2 Internal control standards

Following the "internal control framework" of the *Autorité des Marchés Financiers*, to which the Group refers, features of the internal control system include:

- an organization with a clear definition of responsibilities, having adequate resources and skills and using appropriate information systems, operating procedures, tools and practices;
- the internal distribution of relevant and reliable information, enabling each person to carry out his or her duties;
- a risk identification, analysis and management system;
- control activities designed to reduce these risks;
- continuous oversight of the internal control system.

The Group ensured that its approach is in line with the guidelines of the *Autorité des Marchés Financiers*. In particular, a comparison was made between:

- the "Application Guide for Internal Control of Accounting and Financial Information Published by Issuers," taken from the AMF Reference Framework; and
- the procedure used by the Group for self-assessment of its internal control (Self Audit Income), whose purpose is to ensure the Group follows the framework in every respect (see Section 3.3.2.6 *Continuous oversight of the internal control system*).

3.3.2.1.3 Internal control objectives

The internal control system assists operational management. In particular, it aims to ensure:

- compliance with legislation and regulations;
- the implementation of instructions and directions set by management bodies;
- the proper functioning of the Group's internal processes, particularly those helping to safeguard its assets;
- the reliability and the quality of the information produced and communicated, especially financial information.

The scope of internal control is not limited to procedures for improving the reliability of the accounting and financial information.

Nonetheless, however well designed and applied they may be, the internal control mechanisms cannot by themselves guarantee with absolute certainty that objectives will be achieved.

The New AREVA internal control system is consistent with the commitments made by the Group as to the conduct of its business, particularly in terms of the Code of Ethics.

3.3.2.2 Organization, governance, resources, information systems and operating methods

Implementing the internal control system is a Group-wide effort. It is undertaken by all employees, under the responsibility of the management bodies.

3.3.2.2.1 Organizational structure of the Company

New AREVA has a single corporate governance structure with a Board of Directors.

Accordingly, as described in Chapter 4 of this report, the Board of Directors is responsible inter alia for setting the Group's strategy, and approving major investments and sensitive or significant commercial offers, relying in this on preparatory work done by the four permanent Committees that it has created (see paragraph 4.2 Committees set up by the Board of Directors).

The Chief Executive Officer is responsible for the Company's Executive Management and represents the Company in its relations with third parties. In addition to the powers conferred on him by law, and subject to limitations set by the Articles of Association or the rules of procedure of the Board of Directors, the Chief Executive Officer is responsible for:

- setting the Group's performance objectives (financial, commercial, operational, safety, security, etc.), tailored to each operation, and monitoring their attainment;
- allocating the Group's resources (human, financial, etc.);
- defining the organizational principles and processes that will serve customers and develop skills.

At August 31, 2017, the internal organization supporting the Chief Executive Officer was as follows:

a. an Executive Committee consisting of:

- the Chief Executive Officer;
- the Senior Executive Vice President of Customers, Strategy, Innovation and R&D;
- the Chief Legal and Financial Officer;
- the Senior Executive Vice President of Human Resources, Communications, Property and the Work Environment;
- the Senior Executive Vice President of the AREVA Projets Business Unit and Director of Performance;
- the Senior Executive Vice-President of the Mining Business Unit;
- the Senior Executive Vice President of the Chemistry-Enrichment Business Unit;
- the Senior Executive Vice-President of the Recycling Business Unit;
- the Senior Executive Vice-President of the Dismantling and Services Business Unit;
- the Senior Executive Vice President of the Logistics Business Unit.

b. Corporate departments

The main corporate departments providing corporate services relating to control and compliance with the Group's rules are:

- Finance / Legal;
- HR / Communications / Property / Work Environment;
- Risks / Internal Auditing;
- Customers, Strategy, Innovation and R&D;
- Compliance;
- Protection;
- Safety / Health / Safety / Environment;
- Performance.

c. Policies and Procedures

Lastly, a set of policies and procedures ensure the proper functioning of the Group's governance at all levels of the organization.

3.3.2.2.2 Definition of responsibilities and authority

The Group has a reference framework that clearly defines responsibility and authority. They include the following:

- an official organizational handbook detailing the duties and responsibilities at Group, Operational Division and functional levels, in particular;
- organization notes for the business units and central departments
- delegations of authority formalized under the procedure "Delegation of Authority - Thresholds and Decision Channels", which define the internal rules for authorizations and decisions relating to the main operational processes;
- delegations of authority and sign-off defined at different levels of the Group in order to conduct operations appropriately at each level and in accordance with all applicable laws and regulations.

The organization and the delegations of authority are defined to respect the principle of separation of tasks. The principles of governance and internal control applicable to the delegations of authority notably set thresholds according to the nature of each operation, for which information from or authorization by the relevant bodies is necessary.

3.3.2.2.3 Human Resources policy

In a context of economic and financial difficulty, Human Resources policy is primarily concerned with the following areas:

- negotiating and continuing to implement the Human Resources component of the Group's performance plan (end of the voluntary departure plan, reduction in staff costs, transformation of organizational units);
- continuing to encourage and manage internal transfers while ensure retention of key skills;
- developing the leadership skills of leaders and managers, as a way to engage and mobilize the entire management team.

3.3.2.2.4 Information systems

The mission of the Information Systems and Services Department is to ensure the availability, confidentiality and integrity of the Group's information systems. To achieve this, it is structured to meet the following objectives:

- orient the information system to serve the business lines by aligning it with the Group's process structure;
- drive the standardization, rationalization, consolidation, performance and reliability of technical and functional systems, integrating their economic, geographic and safety components.

3.3.2.2.5 Procedures and Operating Methods

General internal control procedures

The Group's internal control procedures consist of the rules, guidelines and operating methods set out by the management bodies.

In addition, the subsidiaries and business lines have laid out their own internal control systems through charters and/or policies.

The charters set the rules of governance and the principles of internal control, primarily in the following areas:

- the nuclear safety charter, whose purpose is to specify the Group's commitments in the area of nuclear safety and radiation protection, to ensure that this requirement is met throughout the facilities' operating period;
- the audit charter that describes the objective, missions, roles and responsibilities and the procedures in effect in the Group's internal audit process;
- the network security charter that defines the organizing principles of the of IT communication network together with the rules to be followed in order to be able to access the various services.

The policies define the principles and operating methods that underlie the procedures for the business lines. In particular, the Group has the following policies:

- the purchasing policy and ethical purchasing guidelines, which lay down the rules, objectives and best practices in terms of procurement and ethics;
- the secure means of payment policy, which defines the Group's policy in respect of ensuring payment means are secure and the measures to be implemented to limit the risk of fraud;
- the policy for the protection of persons, designed to give equal protection to the employees of the Group, whether they are foreign or local, or on assignment;
- the Safety and environmental policies that establish the rules of conduct for a permanent reduction in risks;
- the Human Resources policy designed to increase the Company's collective performance in developing the talents and skills of each individual;
- and, lastly, in 2017 the Group adopted a Quality policy.

Applying the principle of subsidiarity and to ensure adoption of these instructions, the operating divisions tailor these instructions to their particular needs before implementing them in their own entity.

Procedures for accounting and financial information

General Organization

The escalation and processing of information is organized around three operational levels: management entities (the base level of information production), business units (performance analysis grid) and Group (New AREVA management grid).

The consolidation instructions are issued by the Group's Management Control and Accounting Department for all half-year and annual financial statements. They specify:

- the timetable for preparing the financial and accounting information needed in the reported financial statements;
- the process for validating this information;
- the points requiring specific attention, depending on the complexity of the subjects, legal developments and new internal procedures issued;
- the consolidation liaisons (based at the corporate level) are responsible for the validation of the consolidation submissions of a portfolio of entities. They also carry out cross-divisional analyses (corresponding to the notes to the consolidated financial statements) for the Group as a whole.

The Group's Legal and Financial Department has modeled the Group's key financial processes, and provides all those involved in these processes (corporate departments and business units) with a complete up-to-date and shared documentary database allowing the processes to be documented and linking them with the procedures in effect within the Group.

The modeled processes are available on a dedicated intranet space and are regularly updated as the organization evolves.

Application and control of accounting rules

The financial statements of reporting entities are prepared in accordance with the Group's accounting and financial manual. These rules apply to all entities included in the Group's scope of consolidation. This manual includes:

- a glossary, which defines the aggregates of the financial statements and the performance indicators in the Group;
- the annotated chart of accounts;
- the applicable procedures issued by the Management Control and Accounting Department.

This manual is supplemented by procedures and instructions issued and reviewed regularly by the other finance departments (the Financial Operations and Cash Department, the Financial Communications Department, the Tax Department) and the business units, and includes procedures and instructions dealing specifically with internal control and fraud.

The "Standards and Procedures" function in the Management Control and Accounting Department is responsible for defining and disseminating information regarding the implementation of standards, procedures and accounting and management principles and rules. It also provides regulatory oversight, so that the financial statements are prepared in accordance with the IFRS rules adopted by the European Union.

3.3.2.2.6 Tools

Beyond the office software used by employees, the Group has specific applications designed for its operations.

These are tools of all kinds (facilities management systems, integrated management systems, methodologies, sets of indicators, etc.) and assist in the management of all operational activities.

The Group uses a single, secure shared reporting and consolidation tool throughout the Group, under the direction of the Finance Department.

Moreover, the organizational memos and standards and procedures applicable to the entire Group are disseminated by means of a dedicated IT application.

Lastly, New AREVA uses one tool for all SAP systems critical to the Group ("core systems") whose purpose is to maintain the level of internal control and to streamline management of access to the management information system. The main objective of this tool is to secure the access management process by ensuring that the roles of users are defined according to best practices in terms of separation of tasks and by automating their management via the SAP GRC (Governance, Risk & Compliance).

3.3.2.2.7 Internal control practices and coordination

The organization of internal control is based on all these elements together with the practices of all employees, which are in turn based on the Group's undertakings, such as its Code of Ethics, the principles of sustainable development and so forth.

The internal control function, jointly led by the Risk and Internal Audit Department and the Finance Department within the Internal Control Committee, uses a network of internal control liaisons appointed by each business unit, with the following objectives:

- to disseminate information concerning decisions made and their application by the entities (top/down);
- to escalate to the Committee the entities' issues requiring attention (bottom/up).

The Risk and Internal Audit Department is in charge of tracking and change over time in the performance of the internal control system for the Group's governance bodies, primarily through a self-assessment exercise. As part of this mission, it has assisted (preventative and remedial actions) operational management, the functional departments and the shared service centers to strengthen the existing mechanisms.

The Head of "accounting and financial" Internal Control handles more specifically issues relating to accounting and financial internal control and works in close collaboration with the Risk and Internal Audit Department.

3.3.2.3 Dissemination of information

Both top-down and bottom-up information channels have been provided to enable the transmission of timely, pertinent and reliable information:

- in terms of bottom-up information:
 - escalations and processing of financial and accounting information are accomplished using processes and shared record-keeping and control tools (a single, secure shared reporting and consolidation tool throughout the Group, under the direction of the Finance Department);

- the achievement of performance objectives (business units and functional departments) and transformation plans are systematically tracked, through the progress made on the relevant actions plans, on a monthly (Monthly Business Reviews) and quarterly (Quarterly Business Reviews) basis, primarily at the Executive Committee level;
- in terms of top-down information:
 - the resolutions of decision-making bodies are communicated to the departments concerned and the Group,
 - the laws and regulations regarding safety, security, health, the environment, accounting and taxation are subject to regulatory oversight and are communicated in an appropriate manner in the Group. A manual of the organization and procedures in place is used to disseminate the applicable organization memos, rules, standards and procedures.

Finally, communications to stakeholders are governed by a framework of procedures to ensure and maintain the quality of the information.

3.3.2.4 Risk management and setting objective

3.3.2.4.1 Risk identification and management

From its founding, the Group has mapped risks in order to recognize the impact of potential events on the attainment of its strategic and operational objectives. The New AREVA Risk and Internal Audit Department, in collaboration with the Risk Managers of the business units (each of which has a network of risk managers in its operating entities) updates the mapping yearly.

In 2017, it was reviewed by the Risk Committee and approved by the New AREVA Chief Executive Officer after being shared with the members of the Executive Committee. This mapping was presented to the Audit and Ethics Committee of the Board of Directors.

In particular:

- operational and functional management teams approved the risk assessments made for their operations. Thus, for their respective operations, all Group entities have identified, analyzed and measured their risks; they have also developed mitigation plans and procedures for the management of the latter, for which managers have been designated and implementation deadlines assigned;
- the members of New AREVA's Executive Committee have identified and formalized a list of the Group's major risks and have appointed, for each risk, a "designated" member. More specifically, the latter is responsible for ensuring there is an appropriate action plan and reporting on its progress to the Risk Committee, the Executive Committee and the Company's governance bodies;
- based on this work, the main risk factors identified are described in Sections 3.1. and 3.2. above. The issues of nuclear safety and industrial security, which are given absolute priority at every level in the Group, are discussed in these sections;
- finally, in 2017, in a context of significant change in the scope and organization of the Group involving many entities, all management and control bodies have, during this first period of transition, ensured strict compliance with the rules in force as well as the proper functioning of all processes for ensuring the robustness of the internal control systems.

In addition, the mission of the Safety, Health, Security and Environment Department is to oversee the management of industrial risks and, on a practical level, to ensure, together with the business units concerned, the implementation and smooth deployment of the action plans aimed at reducing these risks.

In 2017, the reporting of the Group's major capital or commercial projects was presented on a regular basis to the Audit and Ethics Committee by the managers in charge and the Finance Department, ensuring that the control bodies are aware of changes in the risks related to these projects.

3.3.2.4.2 Setting of objectives

During the 2017 year, the Group's process for setting objectives continued to form part of the Company transformation plan.

3.3.2.5 Control

The functional departments work on behalf of the Group's management bodies to ensure that their policies are properly carried out. Specifically, the Management Control and Accounting Department defines and ensures the application of the rules of management control, documents the management, accounting and financial processes, and ensures compliance with the rules of delegation of authority in terms of financial commitment.

Each operational and functional level employs appropriate controls to regularly assess the progress made in attaining objectives. In particular, budget revisions and reporting provide regular comparisons of progress attained in actual results and how far objectives have been achieved versus what was set when budgets were approved.

By definition, control is conducted in a manner specific to each organization. It involves the mobilization of human, material and financial resources, the organization of these assets, the deployment of specific objectives within the organizations and the implementation of controls for prevention or detection.

The preventive controls are carried out according to specific manual or computerized procedures, involving, amongst other things, validations at appropriate levels of the organization. The controls for detection consist of a posteriori checks carried out as part of specific oversight of performance, variances and anomalies (and facilitated by the existence of information systems, indicators, etc.)

In addition, audit and expert bodies are charged with controlling the most significant issues in relation to the specific goals of the Group and of the sub-groups.

In particular, in the area of accounting and financial information:

- each entity has put in place upstream controls at the separate financial statements level;
- controls are carried out at different stages of the consolidation process:
 - either automatically by the consolidation software (control of large accounting balances, traceability of data, data integrity, access controls),
 - or manually by the Consolidation Department, the financial controllers and business analysts;
- the Finance Department conducts tax reviews of the Group's major companies.

3.3.2.6 Continuous oversight of the internal control system

In 2017, New AREVA continued to take measures to improve its internal control mechanisms. These measures were carried out under the supervision of the Chief Executive Officer and the Executive Committee, and monitored by the Board of Directors through the Audit and Ethics Committee.

As in 2016, the Group's Director of Compliance engaged the Annual Letter of Compliance process that applies to all senior managers of subsidiaries, directors of business units, regional Directors, and Central functional directors.

New AREVA has a Risk and Internal Audit Department that works throughout the Group and in any area relating to internal control. This department is managed by its director and, reporting hierarchically to the Chief Executive Officer and functionally to the Audit and Ethics Committee, it conducted its activities completely independently, in compliance with the Audit Charter and international professional standards.

In 2017, its assignments were carried out in accordance with the annual audit plan approved by the Chief Executive Officer and reviewed by the Audit and Ethics Committee. This department's mission involves, in particular, reporting to the management bodies its assessment of the compliance and effectiveness of the Internal Control systems deployed throughout the Group. This assessment takes particular account of the risks identified by the set of tools used by the Group (risk mapping, internal control self-assessment, interviews conducted by the Audit Department with the General Inspectorate, Compliance, Quality, and all the principal top managers of the Group, as well as with the Statutory Auditors and others). The recommendations resulting from its work lead to progress plans, which are monitored in consultation with the managers concerned.

Finally, as each year, the Director of Risk and Internal Audit submitted his report on the internal control review to the Chief Executive Officer and the Audit and Ethics Committee.

In addition to the audits carried out under the audit plan, Group entities self-assess their internal control each year by means of a standard questionnaire (known as Self Audit Income) validated by their operational management. This questionnaire, reviewed by the Audit Board, was sent to 50 entities in a dozen countries in 2017, thereby covering the Group's full consolidation scope. By entity, it dealt with 198 checkpoints Grouped according to 14 business cycles, and led management to commit to action plans to respond to the weaknesses identified.

The responses of the entities to this self-assessment questionnaire are shared with the Statutory Auditors and the network of internal control liaisons. This review and sharing contribute to the monitoring of the overall system, and the results are presented to the various appropriate levels of the organization (Executive Committee, business units and functional departments in particular). The main summary points are included in the Annual Report of the Director of Risk and Internal Audit on the internal control review.

This report does not present any evaluations and in this way is consistent with the practices of publicly traded companies and the recommendations of the *Autorité des Marchés Financiers*.

4 BOARD OF DIRECTORS' CORPORATE GOVERNANCE REPORT

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report covers the composition of the Board of Directors of New AREVA Holding (the "company") and the conditions for the preparation and organization of its work.

It was approved by the Board of Directors at its meeting of October 31, 2017.

The work and reviews related to the preparation of this report were also submitted to the Statutory Auditors.

As preliminary comments, it should be noted that pending the effective completion of the capital increase reserved for the French State, simplified governance of a transitional nature was put in place for the Company. Following the capital increase reserved for the French State completed on July 26, 2017, new governance was established by the General Meeting of July 27, 2017 and by the Board of Directors on the same day.

Moreover, in view of its status as an issuer of debt instruments admitted for trading on a regulated market, the Board of Directors, on July 27, 2017, has decided, in accordance with Article L. 225-37-2 of the French Commercial Code, to voluntarily refer to the AFEP-MEDEF Corporate Governance Code. In accordance with the "apply or explain" principle set out in Article L. 225-37 of the French Commercial Code, the Company will explain hereunder the reasons for which it currently derogates from certain recommendations of the AFEP-MEDEF Code.

4.1 Preparation and organization of the Board of Directors' work

4.1.1 Composition and functioning of the Board of Directors

4.1.1.1 General rules related to the composition of the Board of Directors

The Company operates according to the "Monist" method, with a Board of Directors.

The General Meeting of July 27, 2017 decided to revise the Company's Articles of Association to take account of the acquisition of equity stakes by new strategic investors as part of the capital increase approved by the General Meeting of February 3, 2017 and to bring these into compliance with the provisions of Order No. 2014-948 of August 20, 2014 relating to the governance and share capital transactions of publicly owned companies (the "Order").

In accordance with Article 14 of the Articles of Association:

- the Company is run by a Board of Directors composed of at least three and at most eighteen members including, where applicable, one representative of the French State and Directors appointed by the General Meeting of Shareholders following a proposal by the French State, pursuant to the Order and Decree No. 2014-949 of August 20, 2014, subject to statutory dispensations; and
- the Board of Directors is also composed of two directors representing the employees, appointed by the two trade unions with the highest number of votes in the first round of the elections preceding the date of appointment of the members of the Works Council or Works Committee or the sole Employee Delegation for the Company and its (direct and indirect) subsidiaries with their registered offices in France. These are not taken into account when determining the minimum and maximum number of directors.

As at the date hereof and following the resignations of François Nogué, Eric Chassard and Guillaume Dureau on July 27, 2017 and the appointment of new directors by the General Meeting of Shareholders held on the same day, the Board of Directors is composed of twelve members:

- ten members appointed by the General Meeting (including representatives of the French State and five natural person directors appointed upon a proposal by the French State); and
- two members representing the employees appointed by the trade unions.

The members of the Board of Directors, with the exception of those representing the employees, hold a term of office of four years, bearing in mind that the terms of office of the current members of the Board of Directors will end after the General Meeting called to approve the financial statements for the fiscal year ended December 31, 2021.

Pursuant to Article 14 of the Company's Articles of Association, the terms of office of the members of the Board of Directors representing the employees will end either (i) upon expiry of their four-year terms of office, due at the close of the Ordinary General Meeting convened to rule upon the financial statements for the fiscal year ended and held during the year of expiry of said terms of office, or (ii) in the event of a breach in the employment contract, or (iii) on the date of their revocation in accordance with the conditions set out in the Articles of Association and with the statutory and regulatory provisions in force on the date of revocation, or (iv) in the event of a conflict as described in Article L. 225-30 of the French Commercial Code. Furthermore, if the Company is no longer subject to the obligation set out in Article L. 225-27-1 of the French Commercial Code, the terms of office of Directors representing the employees will end at the close of the meeting during which the Board of Directors notes the removal of this obligation.

In application of Decree No. 83-1116 of December 21, 1983 as amended, and Decree No. 55-733 of May 26, 1955, the following shall assist the Board of Directors in an advisory capacity: the Director General for Energy and Climate at the Ministry for Energy acting as the Government Commissioner, and the representative of the Head of the Atomic Energy Control Mission of the Company's General Economic and Financial Control Board. These persons may also attend the meetings of committees of the Board of Directors (see 4.1.1.4 hereunder).

In accordance with Article 14 of the Articles of Association, the Board of Directors is also assisted in its duties by one or more censors who attend meetings but do not have voting rights (see 4.1.1.4 hereunder).

The Statutory Auditors are invited to attend meetings of the Board of Directors held to review the annual and half-year financial statements, and any other meetings at which their presence is deemed appropriate.

4.1.1.2 Composition of the Board of Directors

Until the completion of the capital increase reserved for the French State and the reorganization carried out on July 27, 2017 for the implementation of the new governance, the composition of the Board of Directors was as follows:

Members of the Board of Directors until July 27, 2017

Pending the completion of the capital increase reserved for the French State, simplified governance of a transitional nature was put in place for the Company.

As such, on November 3, 2016, the Extraordinary General Meeting of the Company decided to convert the Company, formerly a simplified joint stock company (*société par actions simplifiée*), into a limited liability company (*société anonyme*) with a Board of Directors, to adopt new Articles of Association, and to appoint François Nogué, Eric Chassard and Guillaume Dureau as Directors of the Company.

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.

François Nogué was appointed Senior Executive Vice President of Human Resources of the AREVA group and member of the Executive Committee on March 1, 2015.

Since July 1, 2016, he has held the positions of Senior Executive Vice President of Human Resources, Communications, Property and Work Environment of the AREVA group. He is also a member of the AREVA Executive Committee.

On November 3, 2016, he became a Director and Chief Executive Officer of the Company. This term of office ended on July 27, 2017.

Other offices held

- Chairman of the Board of Directors of Pôle Emploi

Other offices held during the past five years

- Chairman of the Board of Directors of New AREVA Holding (expired July 27, 2017);
- Director of New AREVA Holding (expired July 27, 2017);
- Chief Executive Officer of New AREVA Holding (expired July 12, 2017);
- Chairman of AREVA Project 2 (expired June 15, 2017);
- Chairman of the AREVA Fondation d'entreprise (expired April 28, 2017);
- Chairman of New AREVA Holding;
- Director of AREVA Inc.

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, Eric Chassard served as Safety & Quality Engineer at the MELOX plant, then Director of Productivity Improvement at that same plant from 2003 until 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, he was appointed Deputy Director of the Engineering & Projects Department, and then Director of Engineering & Projects on March 1, 2014.

Since July 1, 2016, he has served as Director of Performance for the AREVA group and Senior Executive Vice President of the AREVA Projets Business Unit. He is also a member of the AREVA Executive Committee.

On November 3, 2016, he became a director of the Company. This term of office ended on July 27, 2017.

Other offices held

- Chairman of AREVA Projets;
- Director of AREVA UK Limited;
- Director of AREVA (Beijing) Consulting.

Other offices held during the past five years

- Director of New AREVA Holding (expired July 27, 2017);
- Director of AREVA Risk Management Consulting Limited;
- Member of the ATMEA Directors' Committee;
- Director of Sofinel;
- Non-partner General Manager of TSU Projects;
- Director of WECAN.

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, 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, he was appointed Senior Executive Vice President of the Front End Business Group.

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

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

He is also a member of the AREVA Executive Committee.

On November 3, 2016, he became a Director of the Company. This term of office ended on July 27, 2017.

Other offices held

- Chairman of AREVA Business Support;
- Chairman & CEO of CNS;
- Permanent member of the Strategy Committee of SET Holding;
- Chairman of the Board of Directors of AREVA Nuclear Materials LLC;
- Director of AREVA (Beijing) Consulting;
- Chairman of the Board of Directors of AREVA Japan Co Ltd.

Other offices held during the past five years

- Director of New AREVA Holding (expired July 27, 2017).

Following the completion of the capital increase reserved for the French State on July 26, 2017, these three directors resigned on July 27, 2017, the date on which the General Meeting of the Company changed the composition of the Board.

Members of the Board of Directors with effect from July 27, 2017 and until the end of the period

Following the capital increase reserved for the French State completed on July 26, 2017, new governance was set up by the General Meeting and the Board of Directors of July 27, 2017.

The members of the Board of Directors are:

- Philippe Varin (Chairman);
- Philippe Knoche (Chief Executive Officer);
- Claude Imauven (Independent Director);
- Marie-Hélène Sartorius (Independent Director);
- The French State, represented by Bruno Vincent (Director);
- Reynold Prevost de la Boutetière (Director appointed upon a proposal by the French State);
- Marie-Astrid Ravon-Berenguer (Director appointed upon a proposal by the French State);
- Marie-Solange Tissier (Director appointed upon a proposal by the French State);
- Daniel Verwaerde (Director appointed upon a proposal by the French State);
- Christian Masset who, having resigned on August 1, 2017, was replaced, upon a proposal by the French State, by Maurice Gourdault-Montagne with effect from October 31, 2017 (Director appointed upon a proposal by the French State);
- Catherine Deiana (Director representing the employees);
- Alexia Dravet (Director representing the employees).

Biographies and terms of office of the members of the Board of Directors

Philippe Varin - Chairman of the Board of Directors

Born August 8, 1952 in Reims (France), Philippe Varin is a graduate of the École Polytechnique and Mines ParisTech.

He joined the Pechiney group in 1978 as a Researcher and went on to hold various executive positions within this group (management control, strategy, project management) before being appointed Director of the Rhenalu Division in 1995 and Chief Executive Officer of the Aluminum Sector and member of the Group's Executive Committee in 1999.

In 2003, he joined the Anglo-Dutch steel group Corus as Chief Executive Officer. He was Chairman of the European Confederation of Iron and Steel Industries (Eurofer) from 2006 to 2008.

Appointed Chairman of the Management Board of PSA Peugeot Citroën in June 2009, he left the Group in 2014.

In 2015, he joined the AREVA group as Chairman of the Board of Directors.

Philippe Varin is a Knight of the National Order of Merit, Officer of the National Order of the Legion of Honor and Commander of the British Empire.

He has chaired the Board of Directors of the Company since July 27, 2017.

Other offices held

- Director and Chairman of the Board of Directors of AREVA SA;
- Director of Saint-Gobain;
- Chairman of the Cercle de l'Industrie;
- Special Representative of the French Ministry of Foreign Affairs and International Development for the ASEAN states;
- Chairman of PRM3C (a simplified joint stock company with a sole shareholder).

Other offices held during the past five years

- Director of EDF;
- Chairman of the Management Board of Peugeot SA;
- Chairman of the Board of Directors of Peugeot Citroën Automobiles SA;
- Chairman of the Board of Directors of GEFECO SA;
- Director of Banque PSA Finance SA;
- Director of Faurecia SA;
- Director de PCMA Holding BV;
- Director of BG Group Plc.

Philippe Knoche - Chief Executive Officer

Born February 14, 1969 in Strasbourg (France), Philippe Knoche graduated from the École Polytechnique, where he obtained a Masters in Material Sciences; he also holds qualifications from Mines ParisTech.

In 1995, he began his career in Brussels as a Case Handler for the European Commission's anti-dumping department.

In 1998, he joined the Consortium de Réalisation as Assistant to the Chairman of the Supervisory Board.

He joined AREVA in 2000 as Director of Strategy. In 2004, he was appointed Executive Vice President of the Treatment Business Unit and in 2006, Director of the Olkiluoto 3 project. In 2010, he took over the Reactors and Services Business Group and became a member of the Group's Executive Committee.

In July 2011, Mr. Knoche was appointed member of the Management Board and Deputy CEO in charge of nuclear business operations.

In 2015, he became a member of the Board of Directors and Chief Executive Officer of AREVA.

He has been the Company's Chief Executive Officer since July 27, 2017.

Other offices held

- Chairman & CEO of AREVA NC;
- Chairman of the Board of Directors of AREVA Mines.

Other offices held during the past five years

- Chief Executive Officer and Director of AREVA SA (expired July 27, 2017);
- Chairman of the Supervisory Board of AREVA GmbH;
- Chairman of the Board of Canberra Industries Inc;
- Chairman of AREVA NP SAS;
- Permanent Representative of AREVA SA on the Board of Directors of AREVA TA;
- Chairman of the Board of Directors of AREVA Inc;
- Member of the Management Board of AREVA.

Claude Imauven - Independent Director

Born September 6, 1957 in Marseille (France), Claude Imauven is a graduate of the École Polytechnique and Engineer of the Corps des Mines.

He began his career in 1983 at the French Ministry for Industry, where he held various positions of responsibility in public administration, notably in ministerial offices (Foreign Trade and Industry).

His career at Saint-Gobain began in 1993 at the Vitrage branch, where he was initially Director of Industrial Policy and later Chief Industrial and Financial Officer. In 1996, he was appointed Delegate General for Spain, Portugal and Morocco. Returning to France in 1999, he joined the Pipe branch as Deputy CEO of Pont-à-Mousson SA, and then in 2001 he took over the reins of this company as CEO and Director of the Pipe branch.

Between April 2004 and the end of 2015, Claude Imauven was Deputy CEO of Saint-Gobain, leading the Construction Products Division.

Since January 1, 2016, Claude Imauven has held the position of CEO at Saint-Gobain.

Mr. Imauven is a Knight of the Legion of Honor and Officer of the National Order of Merit.

He has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- Director of Artelia HOLDING SAS;
- Chairman of the Board of Directors of the Institut Mines-Télécom (EPSCT).

Other offices held during the past five years

- Director of AREVA SA (expired July 27, 2017);
- Director of Banque CIC Est;
- Chairman of the Board of Directors of Saint-Gobain Matériaux de Construction SAS (Saint-Gobain);
- Chairman of the Board of Directors of Saint-Gobain PAM (Saint-Gobain);
- Chairman of the Board of Directors of Saint-Gobain ISOVER (Saint-Gobain);
- Chairman of the Supervisory Board of Saint-Gobain WEBER (Saint-Gobain).

Marie-Hélène Sartorius - Independent Director

Born January 23, 1957 in Lyon (France), Marie-Hélène Sartorius is a graduate of the École Polytechnique and École nationale des ponts et chaussées.

She began her career at Banque Paribas, now BNP Paribas, where she held a number of positions in management control and corporate banking before being appointed Head of Specialized Financing for Europe (LBOs, project finance).

In 1995, she joined the Market Activities Department of the Paribas group in London as Head of Risk and in 1999, she launched a new credit derivatives trading business for the Group.

In 2001, Ms. Sartorius joined PricewaterhouseCoopers (PwC) as a Partner in charge of consulting services in France and provided advice to some of the largest international groups until 2016. She works primarily with large listed investment banks, and energy companies, where she specializes in risk management, performance optimization and major transformation programs.

On an international level, Marie-Hélène Sartorius has been a member of PwC's EMEA Financial Services Leadership Team (EMEA FSLT) and Global Financial Services Advisory Leadership Team (GFSALT).

Ms. Sartorius was appointed a Director by the Board of Directors of AREVA SA on October 27, 2016. This appointment was approved by the Combined General Meeting of February 3, 2017.

She has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- Member of the Supervisory Board of ANF Immobilier;
- Director of BNP Paribas Cardif SA;
- Director of Barclays Banque SA.

Other offices held during the past five years

- Director of AREVA SA (expired July 27, 2017).

The French State, represented by Bruno Vincent - Director

Born March 6, 1982, Bruno Vincent is a graduate of the École Polytechnique and École nationale des ponts et chaussées.

Between 2005 and 2008, he worked at the French Embassy in the United States and later at The World Bank in Washington DC, where he was initially a Research Assistant before becoming Consultant for the Economic Policy and Debt Department.

After a stint in charge of the administrative supervision of the French Development Agency as Deputy Head of Bureau at the French Treasury from 2008 to 2010, Mr. Vincent joined the Agence des Participations de l'Etat (APE) in 2010 as a Chargé d'Affaires overseeing the RATP and the ports sector.

In 2012, as Deputy Head of Bureau for the French Treasury, he worked on negotiating the terms and conditions for the recapitalization of eurozone banks and was France's representative in a working group in Brussels.

In 2013, he returned to the Agence des Participations de l'Etat and was promoted to Deputy Director of Investments for the transport sector. In this regard, he manages a portfolio of transport sector public sector companies (SNCF, RATP, Air France KLM, ADP, regional airports, ports, SNCM). He is also Project Manager for the privatization of the Nice and Lyon airports.

He has represented the French State on the Board of Directors of the Company since July 27, 2017.

Other offices held

- Director of AREVA SA (representing the French State);
- Director of the Port of Marseille;
- Director of ERAMET SA.

Other offices held during the past five years

- Director of SNCF Réseau (expired August 31, 2017);
- Director of Nice Airport;
- Director of Lyon Airport;
- Director of the Imprimerie Nationale;
- Director of the Monnaie de Paris;
- Director of the Port of La Rochelle.

Reynold Prevost de la Boutetière - Director

Born March 22, 1971 in Paris (France), Reynold Prevost de la Boutetière is a graduate of the École Polytechnique and École nationale supérieure de techniques avancées. He also obtained a Diploma of Advanced Studies in Economics from the University of Nanterre.

After starting his career as a Telecommunications Engineer in the Shipbuilding Division, Reynold Prevost de la Boutetière held a number of positions at the French Treasury before moving onto ministerial office.

In 2009, he was in charge of bilateral cooperation for the Strategy Department of the Direction générale de l'armement (French Government Defense procurement and technology agency) before moving in summer 2014 to the "Electronic, mechanical and naval" sub-division of the industrial business and economic intelligence service of the same agency.

He has been a member of the tender review committee for the Société du Grand Paris since 2012 and was a Director of AREVA Mines and AREVA NC from 2015 to 2017.

Mr. Prevost de la Boutetière is a Knight of the Legion of Honor and of the National Order of Merit.

He has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- Director of TSA;
- Director of SNPE;
- Director of TechnicAtome.

Other offices held during the past five years

- Director of AREVA Mines (expired May 30, 2017);
- Director of AREVA NC (expired May 24, 2017);
- Director of GIAT Industries (expired March 10, 2017).

Marie-Astrid Ravon-Berenguer - Director

Born April 25, 1977 in Paris (France), Marie-Astrid Ravon-Berenguer is a graduate of the École Polytechnique and ENSAE ParisTech.

She began her career at the French Budget Ministry as Assistant to the Head of the Employment and Vocational Training Bureau, after which she became Assistant to the Head of Budgetary Policy. Ms. Ravon-Berenguer then went on to become Head of the Health Expenditure and Social Security Accounts Bureau, and Assistant Director of the sub-division in charge of the Ministries of Culture and Communication, Youth and Sports, Justice, Overseas Territories and the Finance Ministers.

In 2012, she joined the Economic Department of the French Embassy in Spain as a Project Manager for the Head of Department.

In 2014, she became a Public Inspector of Finance.

Since 2016, Marie-Astrid Ravon-Berenguer has been the Chief Financial Officer and Director of Programs for the Commissariat à l'Énergie Atomique (CEA - French Alternative Energies and Atomic Energy Commission).

She has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- Director of CEA Investissement.

Other offices held during the past five years

- Director of AREVA Mines (expired May 30, 2017);
- Director of AREVA NC (expired May 24, 2017).

Marie-Solange Tissier - Director

Born April 6, 1955 in the 15th arrondissement of Paris (France), Marie-Solange Tissier is a graduate of the École Polytechnique and Mines ParisTech.

She was Head of the Environment Division within the Interdepartmental Directorate for Lorraine Industry from 1979 to 1982. In 1982, she moved to the General Council of Mines as Deputy Head of Service, and in 1984 she joined the office of the Secretary of State for Energy as a Technical Adviser. In 1986, Ms. Tissier was appointed Head of Nuclear Service at the General Directorate for Energy and Raw Materials. In 1988, she joined the Ministry for Industry and Regional Development as a Technical Adviser.

From 1989 to 2017, Marie-Solange Tissier was Head of Department at the General Council of Mines, which in 2009 became the General Council of Economy, Industry, Energy and Technology within the French Ministry for the Economy and Finance. During this period she has also held the position of Deputy Director of Mines ParisTech.

In May 2017, Ms. Tissier became Chairperson of the Regulation and Resources Department of the General Council of Economy, Industry, Energy and Technology within the French Ministry for the Economy and Finance.

She has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- Director of AREVA SA;
- Director of IFP Energies Nouvelles.

Other offices held during the past five years

- Member of the Supervisory Board of RTE (expired April 1, 2017).

Daniel Verwaerde - Director

Born August 17, 1954 in Sedan (France), Daniel Verwaerde is an engineer graduated from École Centrale de Paris and an auditor of the 32nd session of the Centre des Hautes Études de l'Armement (CHEAr).

After joining the Commissariat à l'Énergie Atomique (CEA) in 1977 as an Engineer Mathematician, he worked until 1996 on the development of digital methods and important weapon simulation software. From 1991 to 1996, he was Head of the Department of Applied Mathematics at the CEA.

In 1996, following France's signature of the Comprehensive Nuclear-Test-Ban Treaty, Mr. Verwaerde became responsible for establishing the CEA's Simulation Program. This is focused on three main areas: digital simulation, theoretical physics and experimental physics, notably using the Megajoule Laser constructed near Bordeaux.

In July 2000, he was appointed Director of the CEA DAM/Île-de-France Center in Bruyères-le-Châtel, home to the weapons design, digital simulation, treaty monitoring and anti-proliferation teams. In 2002 he launched Project Ter@tec which seeks to promote digital simulation in France and to develop the European IT industry.

In January 2004, he became Director of Nuclear Weapons for the CEA's Military Applications Division. He is in charge of the French Nuclear Weapons Projects as part of the Simulation Program.

On April 3, 2007, he was appointed Director of Military Applications. His responsibilities included weapons and simulation programs, nuclear propulsion programs, the sourcing of strategic materials and the CEA's work to combat nuclear proliferation.

Daniel Verwaerde has been teaching at the École Centrale de Paris since 1981, and in 1991 he was appointed a Professor of Mathematics. He teaches digital analysis at this institution.

Mr. Verwaerde is an Officer of the National Order of the Legion of Honor and a Knight of the National Order of Merit.

He was appointed Administrator General of the CEA by a decree of January 29, 2015 and Chairman of the Board of Directors of the CEA on April 3, 2015.

Daniel Verwaerde was appointed member and Vice-Chairman of the Board of Directors of AREVA SA on February 2, 2015, replacing Mr. Bernard Bigot, who had held this position since January 8, 2015.

He has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- General Manager of SCI Richard;
- General Manager of SCI Guillaume;
- General Manager of SCI Mathilde.

Other offices held during the past five years

- Director of AREVA SA (expired July 27, 2017);
- Director of AREVA NC (expired May 24, 2017);
- Director of SODERN.

Christian Masset - Director

Born January 23, 1957 in Sète (France), Christian Masset is a graduate of the Institut d'études politiques (IEP) in Paris and the École supérieure des sciences économiques et commerciales (ESSEC). After graduating from the École nationale d'administration (ENA – class of Louise Michel), he chose to begin his career at the Ministry of Foreign Affairs.

After initially working in the Political Affairs Department (1984-1987), he took the position of First Secretary in London (1987-1989), following which he joined the Economic Affairs Department (1989-1991). First Counselor at the French Embassy in Pretoria (1991-1994) and then Adviser to the Permanent Representative of France at the European Union (1994-1997), he joined the Office of the Minister of Foreign Affairs, Hubert Vedrine, as a Technical Adviser (1997-1999).

Minister Counselor in Italy from 1997 to 2002, he was the Deputy Permanent Representative of France at the European Union between 2002 and 2007.

Appointed Director of Economic and Financial Affairs (DAEF) in 2007, he took over the reins of the Directorate-General for Globalization, Development and Partnerships in 2009, following the merger of the DAEF and the Directorate General for International Cooperation and Development. In this capacity, he served as Chairman of the Board of Directors of the AEFÉ (Agency for French

Education Abroad) as well as the public interest group FCI (France Coopération Internationale), which promotes French technical expertise abroad. He is also a member of the Strategic Orientation Board of the Institut Français.

Between January 2012 and July 2014, he was the French Ambassador to Japan (JO December 23, 2011).

In 2014, he was appointed Secretary General at the Ministry of Foreign Affairs and International Development.

Promoted to French Ambassador in 2016, Mr. Masset has been the French Ambassador to Italy since September 6, 2017.

Mr. Masset is a Knight of the Legion of Honor and Officer of the National Order of Merit.

Other offices held

- None.

Other offices held during the past five years

- Director of AREVA SA (expired August 1, 2017);
- Director of EDF (expired August 1, 2017);
- Secretary General at the Quai d'Orsay (Ministry of Foreign Affairs and International Development) (expired August 1, 2017);
- Director of the École nationale d'administration (expired August 1, 2017);
- Director of the Institut Français (expired August 1, 2017);
- Director of the Agence nationale des titres sécurisés (expired August 1, 2017);
- Director of the Commission de récolement des dépôts d'œuvres d'art (expired August 1, 2017);
- Director of the Établissement de préparation et de réponse aux urgences sanitaires (expired August 1, 2017);
- Director of France Médias Monde (expired August 1, 2017);
- Member of the Atomic Energy Committee (expired August 1, 2017);
- Member of the High Council of the Arab World Institute;
- Director of the Agence pour l'enseignement du français à l'étranger;
- Director of France Expertise Internationale;
- Director of the Agence française de développement;
- Director of the Fondation France-Israël.

Maurice Gourdault-Montagne - Director

Born November 16, 1953 in Paris (France), Maurice Gourdault-Montagne is a graduate of the Institut d'études politiques (IEP) in Paris, the Institut national des langues et civilisations orientales and holds a Masters in Law.

He has held various diplomatic positions in India (1981-1983), Germany (1988-1991) and at the headquarters of the Office of the Minister of Foreign Affairs (1986-1988), after which he became Deputy Spokesperson at Quai d'Orsay (1991-1993).

In 1993, he was appointed Deputy Director of the Office of the Minister of Foreign Affairs (Alain Juppé) and he later became Director of the Office of the Prime Minister from 1995 to 1997.

He was French Ambassador to Tokyo in 1998, before being appointed Diplomatic Adviser and Sherpa to the President of the French Republic in 2002.

Between 2007 and 2017, he was successively the French Ambassador to the United Kingdom, Germany and China.

He is currently the Secretary General of the Ministry of Europe and Foreign Affairs.

He replaces Mr. Christian Masset on the Board of Directors of the Company with effect from October 31, 2017.

Other offices held

- Director of EDF (since August 1, 2017);
- Director of the École nationale d'administration;
- Director of the Institut français;
- Director of the Agence nationale des titres sécurisés;
- Director of the Commission de récolement des dépôts d'œuvres d'art;
- Director of France Médias Monde;
- Director of the Fondation d'entreprise Renault;
- Member of the Atomic Energy Committee.

Other offices held during the past five years

- None.

Catherine Deiana - Director representing the employees

Born December 10, 1968 in Dieulefit (France), Catherine Deiana has a degree in Documentation Studies.

She joined the AREVA group in 2001.

Currently in charge of reprography at the Tricastin site, Ms. DEIANA was appointed by her trade union as Director representing the employees.

She has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- None.

Other offices held during the past five years

- Trade union representative on the AREVA NC Tricastin Health, Safety and Working Conditions Committee (CHSCT) (expired July 26, 2017).

Alexia Dravet - Director representing the employees

Born April 13, 1987 in Amiens (France), Alexia Dravet has a degree in Safety, Environmental and Quality Studies.

She joined the AREVA group in 2008.

Currently responsible for risk assessment and management within the 2SE environment unit, Ms. Alexia Dravet was appointed by her trade union as Director representing the employees.

She has been a member of the Board of Directors of the Company since July 27, 2017.

Other offices held

- None.

Other offices held during the past five years

- Director representing the employees of AREVA NC (expired May 24, 2017).

4.1.1.3 Independence of the members of the Board of Directors

As at the date hereof, the Board of Directors includes three independent (or deemed independent) directors. Any deviations from the recommendations of the AFEP-MEDEF Code are explained in section 4.6 hereunder.

At the meeting of the Board of Directors on July 27, 2017, upon a recommendation from the AREVA SA Compensation and Nominating Committee, the following members of the Board of Directors were deemed independent:

- Marie-Hélène Sartorius;
- Claude Imauven; and
- Philippe Varin.

The Board of Directors examined the business relationships that may exist between the Company and the companies in which these directors hold terms of office. The Board of Directors noted that none of the independent members have a significant business relationship with the Company. The primary basis for this assessment was the insignificant share of revenue generated by existing business relationships, if any, compared to the respective revenue of the Company and the companies in which the members concerned hold a position.

4.1.1.4 Permanent guests with an advisory role

Economic and Financial Controller General

Mr. Bruno Rossi, appointed Head of the Atomic Energy Control Mission of the General Economic and Financial Control Department by a decision dated June 24, 2008 from the Ministry for the Economy, Industry and Employment, is a member of the Company's general economic and financial control body, in application of Decree No. 83-1116 of December 21, 1983 as amended. Mr. Rossi is represented by Mr. Christian Bodin, Head of the Control Mission and graduate of the École nationale d'administration, who is responsible for the Company's economic and financial control and as such, attends the meetings of the Board of Directors and of its specialized committees.

Government Commissioner

Mr. Laurent Michel, appointed Director General for Energy and Climate by a decree dated December 19, 2012, holds the position of Government Commissioner for the Company, in application of Decree No. 83-1116 of December 21, 1983 as amended by a decree dated July 25, 2017. To this end, he attends the meetings of the Board of Directors and of its specialized committees.

Pursuant to Article 3 of Decree No. 83-1116 of December 21, 1983 as amended and relative to the Company, the deliberations of the Board of Directors shall become fully enforceable unless the Government Commissioner or other authority responsible for economic and financial control opposes these within five days of either the meeting of the Board of Directors if they were present thereat, or following receipt of the minutes of the meeting.

This opposition, of which the Minister of the Economy and the Minister of Energy shall be immediately informed by the party presenting the opposition, shall cease to have effect if, within fifteen days, it has not been upheld by one of these Ministers.

Censors

Furthermore, pursuant to Article 14 of the Articles of Association, the Board of Directors on July 27, 2017 appointed the following censors:

- Pascal Faure for a period of one year, renewable annually; and
- Patrick Pelata for a period of one year, upon a recommendation by the Compensation and Nominating Committee and upon a proposal from Mitsubishi Heavy Industries Ltd. (MHI) and Japan Nuclear Fuel Limited (JNFL), in accordance with the provisions of the shareholders' agreement entered into between the Company, AREVA SA, the French State, MHI and JNFL on March 13, 2017 (the Shareholders' Agreement), it being understood that the non-voting member shall cease to hold this position upon completion of the capital increase reserved for the Japanese investors and will then, unless notified otherwise by said investors, become an independent director proposed by them.

The role of censors notably involves monitoring the strict application of the Articles of Association and the provision of advice and information to the Board of Directors. They may be natural persons or legal entities. They are invited to attend all meetings of the Board of Directors and participate in deliberations in an advisory capacity. They are provided with the same documents and information as the members of the Board of Directors and have the same right of access to information as the Directors.

Secretary of the Board

Ms. Alexandra Labroue has been performing the duties of Secretary of the Board of Directors. On July 27, 2017, the Board of Directors appointed Ms. Anne-Sophie Bodin as Secretary of the Board of Directors and replacement to Ms. Alexandra Labroue, with effect from the next meeting of the Board of Directors, i.e. October 31, 2017.

4.1.2 Responsibilities and functioning of the Board of Directors

4.1.2.1 Responsibilities

The responsibilities of the Board of Directors and the planning and organization of its work are defined within the framework of legislative and regulatory provisions governing limited liability companies, in the Company's Articles of Association and in the rules of procedure of the Board of Directors¹.

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.

As part of its responsibilities, and without this list being exhaustive, the Board of Directors shall:

- determine the strategic direction of the Company and the Group, taking advice from the Strategy and Investments Committee;
- appoint corporate officers responsible for leading the Company within the context of this strategy and set the compensation thereof, based on proposals from the Compensation and Nominating Committee;
- be kept informed of all significant events concerning the Company and any significant transactions falling outside of the Company's announced strategy;
- at any time of year, carry out verifications and controls as it deems necessary and obtain the documents it considers useful to the accomplishment of its responsibilities;
- set the principles of the Company's policy for end-of-lifecycle obligations, taking advice from the Cleanup and Dismantling Fund Monitoring Committee;
- define the Company's financial communication policy and, where applicable, monitor the quality of the information provided to the shareholders and the markets, particularly in the financial statements and at the time of major transactions;
- be kept updated by the Audit and Ethics Committee on the Company's financial position, cash-flow situation and commitments. It must also be kept informed in good time of the Company's liquidity position and take, where appropriate, decisions relating to its financing and borrowing;
- convene and set the agenda for General Meetings;
- prepare the annual financial statements and annual management report;
- approve the Board of Directors' report on corporate governance as defined in Article L. 225-37 of the French Commercial Code;
- prepare the Company's annual budget and multi-year plan;
- deliberate annually on the Company's policy on gender equality and equal pay;
- where appropriate, authorize the Chief Executive Officer to grant sureties, endorsements or guarantees on behalf of the Company;
- decide whether to issue bonds and/or securities as described in Article L. 228-92, paragraph 3, of the French Commercial Code, in accordance with the conditions set out in Article L. 228-40 of said Code;
- where appropriate, authorize the Chief Executive Officer to carry out the transactions listed in 4.4.2.2 hereunder.

4.1.2.2 Meetings

¹ The Company's Articles of Association and rules of procedure are available on the New AREVA Holding website, www.new.aveva.com.

The Board of Directors meets as often as the interests of the Company require and at least four times per year. The directors have the possibility of being represented by another director at meetings of the Board of Directors. Each Director may only represent one of his or her colleagues at any one meeting of the Board of Directors.

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.

Directors who participate in a meeting of the Board of Directors via videoconferencing or other methods of telecommunication that allow their identity to be known and assure the effective participation thereof, shall be deemed present for the calculation of quorum and majority. The Secretary of the Board of Directors shall sign the register in lieu and on behalf of these Directors.

This process may only be used for the preparation of the annual financial statements, the consolidated financial statements and related reports.

Furthermore, the use of videoconferencing or other methods of telecommunication may be excluded by the Chairman of the Board of Directors if the topics being discussed are of a sensitive nature or on the agenda of the meeting.

The group's employees may also be invited based on their contribution to the items on the meeting's agenda. The presence of external third parties must be authorized by the Chairman of the Board of Directors.

4.1.2.3 Information and training of Directors

Directors shall receive, at least five calendar days prior to the meeting, the agenda of the meeting of the Board of Directors and any information to be discussed, except in cases of emergency or exceptional circumstance. They shall be kept informed at all times between meetings of the Board of Directors and, where necessary, must be able, if they so wish, to meet with the key executives of the Company after giving prior notice thereof to the Chairman of the Board of Directors and the Chief Executive Officer.

Each Director may benefit, if he/she deems it necessary, from training on specific details of the Company, its businesses and sectors of activity, as well as on the role of Director.

4.1.2.4 Business Ethics of the Directors

The director shall perform his or her duties with independence, integrity, uprightness and professionalism.

The rules of procedure of the Board of Directors of the Company sets out the duties of the Directors and in particular:

- compliance with the law, Articles of Association and corporate interest;
- professionalism and duty of expression;
- the strict confidentiality of the work of the Board of Directors and of its committees;
- the application of rules relating to the plurality of offices;
- preventing conflicts of interest;
- compliance with obligations related to the holding of financial instruments issued by the Company and the holding of inside information.

The Company refers and adheres to the principles of the AREVA Code of Ethics, which are applied mutatis mutandi.

4.1.2.5 Rules applicable to conflicts of interest

The rules applicable to the members of the Board of Directors with regard to preventing conflicts of interest appear in Article 4.6 of the rules of procedure of the Board of Directors, which notably states that:

- the Director shall at all times preserve his/her independence of judgment, decision-making and action;
- the Director shall strive to avoid any conflict that may exist between his/her moral and material interests and those of the Company;
- the Director shall inform the Board of any conflict of interest in which he/she may be directly or indirectly involved;
- in the event that a situation or risk of conflict of interest should arise, the Director concerned must, upon receipt of the agenda, inform the Chairman of the Board of Directors and, where applicable, the chairperson of the committee concerned and shall abstain from taking part in any discussions or voting on the corresponding deliberation;
- the Director, or permanent representative if the Director is a legal entity, may not engage, in his/her personal capacity, in companies or businesses competing with the Group without first informing and obtaining approval from the Board of Directors;
- a Director that considers him/herself no longer in a position to fulfill their role on the Board of Directors, or any committees of which he/she is a member, shall resign.

4.1.3 Work of the Board of Directors

The work of the Board of Directors over the course of the fiscal year has focused on the restructuring of the Company and on a certain number of recurring topics such as the review of the annual and half-yearly financial statements and the observations of the Statutory Auditors on these financial statements, the annual activity report, the report of the Chairman of the Board of Directors on the work of the Board of Directors and the internal control procedures for the 2016 fiscal year, as well as on regulated agreements.

With regard to the restructuring, the Board of Directors has notably reviewed and/or deliberated upon the following points:

- Current account advance granted by the French State in favor of the Company pending the completion of the capital increases;
- The fulfillment of the conditions precedent laid down by the European Commission in its decision dated January 10, 2017 authorizing the participation of the French State in the planned capital increases of the Company and the implementation of the capital increase reserved for the French State. The Board of Directors has used the delegation of powers granted by the Extraordinary General Meeting of the Company held on February 3, 2017, as amended by the Extraordinary General Meeting held on July 11, 2017;
- Authorization of the signing of the memorandum of investment and shareholders' agreement to be entered into by Japan Nuclear Fuel Limited, Mitsubishi Heavy Industries, the French State and AREVA SA and the trust agreement to be entered into by CACIB, Japan Nuclear Fuel Limited, Mitsubishi Heavy Industries and the Company;
- Recording the completion of the capital increase reserved for the French State;
- Recording the placement in trust of the sum of the subscriptions of Mitsubishi Heavy Industries and Japan Nuclear Fuel Limited to the capital increases provided for by the resolutions adopted by the Extraordinary General Meeting of the Company held on February 3, 2017, as amended by the Extraordinary General Meeting held on July 11, 2017;
- Amendment of the Company's Articles of Association to adapt them in preparation for the acquisition of equity stakes by strategic investors and to bring these into compliance with Order No. 2014-948 of August 20, 2014 relating to the governance and share capital transactions of publicly owned companies;
- Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer and change in governance of the Company.

In addition, the Board of Directors has notably reviewed the following points:

- Financial trajectory (guarantees, off-balance sheet commitments, etc.);
- Adoption of a Strategic Action Plan;
- Establishment of a governance procedure related to cyber security.

During the fiscal year covering the period between January 1, 2017 and August 31, 2017, the Board of Directors, whether in its composition under the new or old governance, met eight times with an average attendance rate of 83.33%.

4.1.4 Rules applicable to evaluations

Article 1.2 of the rules of procedure of the Board of Directors provides that, at least once a year, the Board of Directors shall dedicate one item on its agenda to discussing the assessment of its composition, its functioning and its organization, as well as those of its committees, to ensure that important issues are properly addressed and discussed. Furthermore, at least once every three years, it shall carry out or have carried out a formal assessment of its work. It shall inform the shareholders annually of the assessments performed and, where applicable, the action taken as a result of these.

There shall be at least one meeting of the Board of Directors per year at which the performance of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s), where applicable, shall be assessed, at which these persons shall not be present.

These assessments have not yet been performed in view of the introduction of a simplified governance of a transitional nature at the time of the conversion of the Company into a limited liability company (société anonyme) on November 10, 2016 and the recent change in governance effected on July 27, 2017.

4.2 Committees set up by the Board of Directors

4.2.1 Description of the Committees

The Board of Directors may establish Board committees, for which it shall define the composition and powers.

The role of these committees is to gather and present to the Board of Directors additional relevant information and to facilitate decision-making by, where appropriate, making proposals. They do not have any powers of their own and carry out their duties under the responsibility of the Board of Directors.

The composition and functioning of the committees form part of the framework defined by the statutory and regulatory provisions applicable to limited liability companies, the Company's Articles of Association and the rules of procedure of the Board of Directors.

On July 27, 2017, the Board of Directors created four permanent committees:

- an Audit and Ethics Committee;
- a Strategy and Investments Committee;
- an Compensation and Nominating Committee; and
- a End-of-Lifecycle Obligations Monitoring Committee

Committee members may not claim compensation in this capacity, with the exception of attendance fees that may be allocated to them by the Board of Directors.

The chairperson of each committee may ask the Chief Executive Officer and, where applicable, any Deputy Chief Executive Officer(s) to attend committee meetings. This also applies to the Chairman of the Board of Directors, where he or she is not a member of the committee in question.

Group employees may also be invited, subject to the approval of the chairperson of the committee, to attend committee meetings based on their contribution to the items on the agenda of the meeting.

The committees may seek external technical advice on topics that fall within their remit, subject to approval from the Chairman of the Board of Directors and with the understanding that it will share this information with the Board of Directors. The committee must verify the skills and independence of the external experts that it calls upon.

The duration of the terms of office of committee members shall coincide with their terms of office as members of the Board of Directors. These may be renewed at the same time as the latter. By way of exception, the Board of Directors may at any time dismiss a member of a committee or its chairperson.

The chairperson of each committee is appointed by the Board of Directors upon a proposal from the Appointments and Compensation Committee. In the absence of the chairperson, the other members of the committee shall appoint a chairperson for the meeting.

The chairperson of each committee shall appoint a secretary. Minutes of the committee meetings are the responsibility of the chairperson of each committee, who shall send a copy thereof to the Board of Directors.

Committee members may be invited by any means of communication, including verbally (letter, fax, email, etc.). Other than in the case of an emergency or exceptional circumstances, the relevant documentation shall be sent to the members of the committee at least five calendar days prior to the date of the meeting.

Committee members cannot appoint their own representatives.

4.2.1.1 Audit and Ethics Committee

As at the date hereof, the Audit and Ethics Committee has five members:

- Marie-Hélène Sartorius (Chairperson and Independent Director);
- Alexia Dravet (Director representing the employees);
- Claude Imauven (Independent Director);
- Marie-Solange Tissier; and
- Bruno Vincent (representing the French State, Director).

The Audit and Ethics Committee is responsible for issues relating to the preparation and control of accounting and financial information, in particular the process for the preparation of financial information, the effectiveness of the internal control and risk management systems, the statutory audit of annual and consolidated financial statements by the Statutory Auditors and the consistency of accounting methods, the procedure for the selection of the Statutory Auditors and their independence, the approval of additional services provided by the Statutory Auditors, the independence of the Statutory Auditor, the proper assessment of mining resources and reserves, the monitoring of the execution of major projects and risk mapping.

To perform its duties, the Committee must work together with the Head of Internal Control and give its opinion on the organization of this unit. The Committee shall be sent internal audit reports or a periodic summary of these reports. The Committee shall also work together with the Statutory Auditors and the financial, accounting and treasury directors.

The Committee shall review the scope of consolidated companies and, where applicable, the reasons for which these companies are included in or excluded from the scope.

The Audit and Ethics Committee shall prepare an annual work agenda to ensure the proper planning of its work. It must be given sufficient time to review the financial statements (at least three calendar days before these are reviewed by the Board of Directors). The review of the financial statements by the Audit and Ethics Committee must be accompanied by a presentation from the Statutory Auditors highlighting the key points of the findings of the statutory audit (in particular any audit adjustments and any significant internal control weaknesses identified), and of the accounting options selected. It must also be accompanied by a presentation from the Chief Financial Officer describing the Company's exposure to risk and any significant off-balance sheet commitments.

The Audit and Ethics Committee must, at least twice per year, address the ethical aspects that concern the Company and, in accordance with the following recommendations:

- ensure that the Company and its relations with third parties are compliant with ethical standards and that the Group complies with international best practices in relation to ethics;
- examine the standards and procedures put in place by the Group both for the Company and its (directly or indirectly controlled) subsidiaries in France and abroad, and in particular those governing the use of economic intelligence studies and the Group's Charter of Values and any updates thereto, ensuring the correct distribution and application thereof.

With regard to foreign subsidiaries, the Committee shall take into consideration the legal and regulatory framework of the countries in which they operate.

Given that it was only recently created, the Audit and Ethics Committee did not meet during the fiscal year in question.

4.2.1.2 Strategy and Investments Committee

As at the date hereof, the Strategy and Investments Committee has six members:

- Philippe Varin (Chairman);
- Alexia Deiana (Director representing the employees);
- Maurice Gourdault-Montagne¹;
- Claude Imauven (Independent Director);
- Daniel Verwaerde; and
- Bruno Vincent (representing the French State).

The Strategy and Investments Committee is responsible for analyzing the main strategic directions in terms of the Group's development and for making any major strategic decisions proposed by the Chief Executive Officer. It examines the implementation of the Company's strategy both at company level and within its subsidiaries.

The Committee is in charge of reviewing the draft transactions submitted to the Board of Directors for approval².

Given that it was only recently created, this Committee did not meet during the fiscal year in question.

The Strategy and Investments Committee may meet as a restricted committee if so decided by its chairperson. The role of this restricted committee, known as the Business Proposals Committee, is to research the main business proposals to be submitted to the Board of Directors for approval.

Given that it was only recently created, the Strategy and Investment Committee did not meet during the fiscal year in question.

4.2.1.3 Compensation and Nominating Committee

As at the date hereof, the Compensation and Nominating Committee has four members:

- Marie-Solange Tissier (Chairperson);
- Catherine Deiana (Director representing the employees);
- Marie-Hélène Sartorius (Independent Director); and
- Bruno Vincent (representing the French State, Director).

The main role of the Compensation and Nominating Committee is to recommend to the Board of Directors potential persons to be appointed as corporate officers, to discuss the independent status of each Director, to put forward to the Board of Directors recommendations and proposals concerning compensation, pension and insurance schemes, supplemental pensions, benefits in kind, the various pecuniary rights of the Company's executive officers and in particular, where applicable, severance payments and retirement benefits, to review the allocation procedure for attendance fees payable to the members of the Board of Directors, to review the compensation policy for key executives who are not corporate officers, to review the objectives, conditions and results of its policy on gender representation, nationalities and diversity of skills with regard to its members and to prepare and monitor the implementation of the corporate governance rules applicable to the Company.

Where possible, the executive directors shall attend the Committee meeting at which the compensation policy for key executives who are not corporate officers is reviewed.

Given that it was only recently created, the Compensation and Nominating Committee did not meet during the fiscal year in question.

¹ Appointed on October 31, 2017 to replace Mr. Christian Masset, resigned, with effect from August 1, 2017.

² See 4.4.2.2 hereunder.

4.2.1.4 End-of-Lifecycle Obligations Monitoring Committee

As at the date hereof, the End-of-Lifecycle Obligations Monitoring Committee has four members:

- Claude Imauven (Chairman and Independent Director);
- Alexia Dravet (Director representing the employees);
- Daniel Verwaerde; and
- Bruno Vincent (representing the French State, Director).

The role of this Committee is to assist the monitoring of the portfolio of earmarked assets created by company subsidiaries to cover their future cleanup and dismantling expenses.

To this end, the Committee, upon presentation by the Company of relevant documents including a Management Charter, shall assess, in accordance with a multi-year schedule, the future cleanup and dismantling expenses of the Group companies concerned, review the terms and conditions for the constitution, functioning and control of funds earmarked to cover said expenses within these companies and the management policy applicable to the corresponding financial assets. These points form the basis of opinions and recommendations made by the Committee to the Board of Directors, summarized in an annual document provided thereto with a view to preparing its report to the General Meeting.

The Committee may work together with the financial advice institutions chosen by the companies responsible for the management of the funds, subject to Committee approval.

Given that it was only recently created, the Cleanup and Dismantling Fund Monitoring Committee did not meet during the fiscal year in question.

4.2.2 Composition of the Committees

The table below summarizes the existing committees of the Company and the composition thereof.

Name, Surname	Audit and Ethics Committee	Compensation and Nominating Committee	Strategy and Investments Committee	Business Proposals Committee or Restricted Committee	End-of-Lifecycle Obligations Monitoring Committee
Philippe Varin			X Chair	X Chair	
Philippe Knoche					
Maurice Gourdault-Montagne			X		
Claude Imauven	X		X	X	X Chair
Reynold Prevost de la Boutetière					
Marie-Astrid Ravon-Berenguer					
Marie-Hélène Sartorius	X Chair	X			
Marie-Solange Tissier	X	X Chair			
Daniel Verwaerde			X	X	X
Bruno Vincent	X	X	X	X	X
Alexia Dravet	X				X
Catherine Deiana		X	X		

4.3 Other committee

In accordance with the provisions of the Shareholders' Agreement, an Advisory Committee was created on July 27, 2017. This Committee, which plays an advisory and consultative role, may submit proposals concerning the Group's strategy, particularly in relation to its international development policy.

Given that it was only recently created, the Advisory Committee did not meet during the fiscal year in question.

4.4 Officers

4.4.1 Executive Management Arrangements

Under the provisions of Article L. 225-51-1 of the French Commercial Code, the Board of Directors had opted to combine the functions of Chairman of the Board of Directors and Chief Executive Officer, with Mr. François Nogué performing the duties of Chairman of the Board and Chief Executive Officer of the Company.

As part of the restructuring of the Company, on July 12, 2017, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer and to appoint, for a transitional period until the General Meeting held immediately following the completion of the capital increase reserved for the French State, Mr. Philippe Knoche as Chief Executive Officer of the Company.

On July 27, 2017, following the General Meeting that approved the change in governance, the Board of Directors decided to appoint Mr. Philippe Varin as Chairman of the Board of Directors and noted the appointment by decree of Mr. Philippe Knoche as Chief Executive Officer.

The aim of this separation of functions was to create a clear distinction between the strategic, decision-making and control duties of the Chairman of the Board of Directors and the operational and executive duties of the Chief Executive Officer, to improve the functioning of the Board of Directors through the presence of one person dedicated to chairing the Board and the balanced distribution of powers to restrict the isolation of the Group leader and to encourage dialogue between peers.

The Chief Executive Officer, as a member of the Board of Directors, shall still contribute to the strategic decisions affecting the Company and the Group.

The powers of the Chairman of the Board of Directors and of the Chief Executive Officer are described in 4.4.2 hereunder.

4.4.2 Powers of the Officers

4.4.2.1 Chairman of the Board of Directors

The Chairman represents the Board of Directors and, other than in exceptional circumstances, is the sole person authorized to act and speak on behalf of the Board of Directors.

He may, in cooperation with the Executive Management, contribute to the Group's strategic decisions and may represent the Group in France and abroad in its relations with public authorities and group partners.

The Chairman organizes and manages the work of the Board of Directors and ensures the smooth functioning of the Company's bodies in compliance with the principles of good governance. He coordinates the work of the Board of Directors with that of the Board's committees.

He ensures that the Directors and censors, the Head of the Control Mission and the Government Commissioner have, in good time and in a clear and appropriate format, the information they require to carry out their responsibilities.

The Chairman provides liaison between the Board of Directors and the Company's Shareholders, in concert with Management.

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.

4.4.2.2 Chief Executive Officer

The Chief Executive Officer is responsible for the Company's Executive 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, as well as the corporate governance rules applicable to the Company.

Under the terms of Article 16-2 of the Company's Articles of Association, the following transactions of the Company and its subsidiaries are subject to the prior approval of the Board of Directors:

- (a) transactions likely to impact the Group's strategy and modify its financial structure or scope of activity;
- (b) insofar as they relate to an amount of more than 80 million euros:
 - (i) issues of securities by direct subsidiaries, of any nature;
 - (ii) exchanges, with or without monetary consideration, of assets, shares or securities, loans, borrowings, credits and advances; acquisitions or disposals, by any means, of receivables, excluding day-to-day cash transactions;
 - (iii) in the event of a dispute, treaties, compromises or transactions;
- (c) insofar as they relate to an amount of more than 20 million euros:
 - (i) investment projects relating to the creation of a site or the extension of an existing site;
 - (ii) acquisitions, extensions or disposals of equity interests in any existing or future companies;
 - (iii) decisions to set up new or close down existing locations in France or abroad;
 - (iv) acquisitions of buildings.

By way of exception, the transactions listed in (a), (b) and (c) above are not subject to the prior approval of the Board of Directors when they are carried out between group companies, except at the request of the Chairman of the Board of Directors;

- (d) business proposals that meet the criteria defined in the rules of procedure of the Board of Directors.

No delegation of authority was granted to the Chief Executive Officer during the fiscal year ended August 31, 2017 with regard to sureties, endorsements or guarantees.

4.5 Compensation of officers and directors

4.5.1 Report of the Board of Directors on the principles and criteria for determining, distributing and allocating the components that make up the compensation of its officers

It should be noted that pursuant to Article L. 225-37-2 of the French Commercial Code, the General Meeting of Shareholders was consulted on July 27, 2017, after having taken note of the Board of Directors' report on the principles of the compensation policy, and as such approved the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components that make up the total compensation and benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer, as they are detailed in said report (Report on the Compensation Policy). This report appears in Appendix 8.9 of this Annual Activity Report.

The aforementioned Article L. 225-37-2 provides that the principles of compensation of officers, on account of their positions, are the subject of a resolution submitted at least annually to the General Meeting of Shareholders for approval.

Due to the fact that no amendment has been made to the Report on the Compensation Policy and no terms of office of the officers have been renewed since July 27, 2017, the General Meeting of Shareholders called to rule upon the financial statements for the period ended August 31, 2017 will not be consulted again on the compensation policy detailed in this report.

The Company shareholders will be consulted again in 2018 as part of the General Meeting of Shareholders called to approve the financial statements for the fiscal period between September 1 and December 31, 2017.

4.5.2 Compensation of the officers and members of the Board of Directors prior to the change in governance

As the Board of Directors had opted to combine the functions of Chairman of the Board of Directors and Chief Executive Officer, the Company had only one officers, namely the Chairman and Chief Executive Officer (officer), Mr. François Nogué.

Mr. François Nogué did not receive any fixed, variable or exceptional compensation in respect of his duties within the Company. He has an employment contract with a subsidiary of the Company associated with his duties as Director of Human Resources, Communications, Property and the Work Environment of the AREVA SA group, for which he received compensation unrelated to his term of office within the Company. He did not receive a severance payment following the termination of his duties within the Company.

Furthermore, the directors did not receive any attendance fees. They have employment contracts with companies of the AREVA SA group covering specific operational duties, for which they received compensation unrelated to their terms of office within the Company.

4.5.3 Compensation of officers and members of the Board of Directors since the change in governance

The arrangements for the setting of the compensation of company corporate officers comply with the provisions of the French Commercial Code and with the AFEP-MEDEF Code to which the Company has referred since July 27, 2017.

Based on a proposal from the Compensation and Nominating Committee of AREVA SA, the compensation of the Chairman of the Board of Directors and the Chief Executive Officer and the sum of attendance fees paid to the members of the Board of Directors have been set by the Board of Directors.

The components of this compensation were subject to the approval of the Minister of the Economy pursuant to Decree No. 53-707 of August 9, 1953 as amended, concerning the control of the French State over domestic public sector companies and certain organizations with an economic or social purpose.

It should be noted that pursuant to Article 3 of said Decree, the gross annual cap for the compensation¹ of the officers is set at 450,000 euros.

In accordance with current regulations, the following tables present the compensation and benefits of any kind received by each of the corporate officers over the course of the fiscal year from controlled companies within the meaning of Article L. 233-16 or the Company that controls, within the meaning of the same Article, the Company in which the term of office is held.

4.5.3.1 Compensation of Directors

In respect of their terms of office, the members of the Board of Directors may receive attendance fees.

In accordance with their preferences expressed to the Board, the Board of Directors has decided that:

- Philippe Varin, Philippe Knoche, Daniel Verwaerde and Marie-Astrid Ravon-Berenguer shall not receive attendance fees in respect of the year 2017;
- the attendance fees received by Alexia Dravet and Catherine Deiana in their capacity as Directors representing the employees shall be paid to their trade unions;
- the attendance fees paid to the representative of the French State and/or members of the Board nominated by the French State and having the status of public official, shall be paid directly to the French State pursuant to the provisions of Articles 5 and 6 of Order No. 2014-948 of August 20, 2014.

The General Meeting of July 27, 2017 set at 300,000 euros the total sum of attendance fees allocated to the members of the Board of Directors for the period between July 27, 2017 and December 31, 2017 and at 600,000 euros for the period between January 1, 2018 and the end of the 2018 fiscal year, inclusive of the sums paid to the independent directors in respect of their attendance at meetings of the Advisory Committee².

For the second half of 2017 and for the year 2018, the distribution of attendance fees was set by the Board of Directors on July 27, 2017, in accordance with the following rules, such that the variable component received by each member of the Board is dominant.

The members of the Board of Directors are entitled to a fixed component in consideration of their duties as Director and a variable component according to their effective attendance at Board meetings and, where applicable, meetings of committees (or meetings of the Restricted Committee) of which they are a member. Moreover, the Board may allocate an additional sum of attendance fees to those Directors residing outside of France to take account of the travel constraints involved.

Amounts for meetings of the Board:

a) An annual flat rate determined in accordance with the responsibility of the position held, which shall not be paid in the event of repeated absence: the sum of 5,000 euros for the second half of 2017 and 10,000 euros for the 2018 fiscal year (amount to remain unchanged for subsequent fiscal years);

b) An amount of 1,500 euros per meeting;

Amounts for meetings of the Committees of the Board (including the Restricted Committee and non-permanent committees):

a) An amount of 3,000 euros per meeting for the chairperson of the Audit and Ethics Committee;

b) An amount of 2,500 euros per meeting for each chairperson of the committees (including the Restricted Committee and non-permanent committees);

c) An amount of 1,500 euros per meeting for each member of the committees (excluding the chairperson of said committee) (including the Restricted Committee and non-permanent committees).

With regard to members residing outside of France, the amounts indicated in points 1 b) and 2 are doubled for their physical presence at meetings.

Payment will be made within 45 days of the end of the fiscal year.

Directors attending a meeting of the Board of Directors or of a committee via teleconferencing or videoconferencing shall receive a fee equivalent to half of the fee paid to a Director resident in France and physically attending the meeting.

By way of exception, if on the day of a General Meeting of Shareholders, the Board of Directors meets both before and after this meeting, only one fee shall be paid in respect of both meetings.

Furthermore, each Director is entitled to the reimbursement, upon presentation of supporting documents, of travel expenses reasonably incurred in the performance of his/her duties.

¹ Excluding benefits in kind and severance payments.

² Based on a recommendation from the Compensation and Nominating Committee of AREVA SA, the meeting of the Company's Board of Directors of July 27, 2017 decided to grant individual compensation to each independent director member of the Advisory Committee in the amount of 1,500 euros per Committee meeting attended.

In accordance with Article 3 of Decree No. 52-707 of August 9, 1953, these compensation components have been approved by a ministerial decision dated September 7, 2017.

4.5.3.2 Compensation of censors

Based on a recommendation from the Compensation and Nominating Committee of AREVA SA, the Board of Directors' meeting of July 27, 2017 decided to set the compensation of Mr. Patrick Pelata in respect of his duties as censor at 1,000 euros per meeting attended. This compensation shall be paid from the budget for attendance fees set out in 4.5.3.1 above.

Mr. Pascal Faure shall not receive compensation in respect of his duties as censor.

4.5.4 Compensation of executive directors

4.5.4.1 Compensation of the Chief Executive Officer

Mr. Philippe Knoche performed his duties as Chief Executive Officer of AREVA SA until July 27, 2017.

At its meeting of July 12, 2017, the Board of Directors of the Company appointed Mr. Philippe Knoche as Chief Executive Officer for the period until the General Meeting called on or before July 31, 2017.

On July 27, 2017, following the General Meeting having approved the change in governance following the completion of the capital increase reserved for the French State, the Board of Directors of the Company took note of the appointment by decree dated July 26, 2017 of Mr. Philippe Knoche as Chief Executive Officer in accordance with Article 19 of Order No. 2014-948 of August 20, 2014 relating to the governance and share capital transactions of publicly-owned companies and Article 18.1 of the Company's Articles of Association. The Board of Directors decided, based on a recommendation from the Compensation and Nominating Committee of AREVA SA, that Mr. Philippe Knoche would receive the following components of compensation in respect of his duties as Chief Executive Officer and for the entire duration of his term of office, calculated prorata temporis for 2017:

- gross annual fixed compensation of 420,000 euros;
- an annual variable component calculated in accordance with the achievement of qualitative criteria (40%) and quantitative criteria (60%) validated for each fiscal year by the Board of Directors. This variable compensation may not exceed the gross amount of 30,000 euros; and
- an annual benefit in kind in the form of a company car, with a value of 4,416 euros.

These compensation components were authorized by a ministerial decision dated September 7, 2017.

It should also be noted that within the Company there are no performance share plans, stock option plans or share option plans in place for either the directors or the employees.

Mr. Philippe Knoche does not have an employment contract.

With regard to the period from July 12 to July 27, 2017, Mr. Philippe Knoche held the position of Chief Executive Officer for both the Company and AREVA SA. Mr. Knoche did not receive compensation from AREVA SA in respect of his duties as Chief Executive Officer of AREVA SA.

The table below presents the compensation owed to or received by Mr. Philippe Knoche in his respect of his duties as Chief Executive Officer of the Company for the financial year ended and financial year N-1:

<i>(in euros)</i>	Summary of compensation and benefits to Philippe Knoche			
	FY 2016		Year ended August 31, 2017 ⁽¹⁾	
	Amounts due	Amounts paid	Amounts due ⁽²⁾	Amounts paid ⁽³⁾
New AREVA Holding officer				
Fixed compensation	n/a	n/a	58,333	58,333
Variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Non-cash benefits	n/a	n/a	368	368
TOTAL	N/A	N/A	58,701	58,701

(1) Including compensation paid by AREVA SA for the period between July 12 and July 27, 2017 in respect of his duties as Chief Executive Officer of AREVA SA.

(2) Compensation due for the financial year, regardless of payment date.

(3) Total compensation paid during the financial year.

Severance and non-competition payments

	Employment contract		Supplemental retirement benefits		Compensation or benefits due or likely to be owed due to the cessation of or change in duties, including payments relative to a non-competition clause	
	Yes	No	Yes	No	Yes	No
Executive director						
Name: Philippe Knoche						
Position: Chief Executive Officer						
Date of start of term: July 27, 2017						
Date of end of term: 2022 GM		X		X	X ⁽¹⁾	

(1) Except as noted below.

Severance payments

Pursuant to Article L. 225-42-1 of the French Commercial Code, on July 27, 2017, based on a proposal from the Compensation and Nominating Committee of AREVA SA, the Board of Directors decided to terminate the commitments made by the Company in relation to indemnities and benefits due or likely to be due to Mr. Philippe Knoche, Chief Executive Officer, due to the cessation of or change in his duties in accordance with the following.

Mr. Knoche may be granted a severance payment capped at twice the total amount of his annual compensation on the date of cessation of his duties.

Mr. Knoche shall not be eligible for any severance payment if he (i) intends to claim his pension rights shortly after the ending of his term of office for whatever reason, even dismissal, or (ii) comes to hold another position within the Group.

The aforementioned severance payment shall only be paid in the event of the dismissal of Mr. Philippe Knoche due to a change in control or strategy, it being understood that this shall not be paid in the event of dismissal for just cause.

This payment shall also be subject to performance conditions, in accordance with the following criteria:

- if the rate of fulfillment of the quantitative and qualitative objectives set for the last two full fiscal years averages out to at least 60%, the severance payment shall automatically be paid;
- if the rate of fulfillment of the quantitative and qualitative objectives set for the last two full fiscal years averages out to less than 60%, the Board of Directors shall appraise the performance of the person in question in view of the circumstances that affected the operation of the Company during the fiscal year ended.

The appraisal of the rate of fulfillment of the quantitative and qualitative objectives shall be as follows:

- if the calculation is performed in 2018: the criteria approved by the Board of Directors of AREVA SA in 2017 and 2016;
- if the calculation is performed in 2019: the criteria set by the Board of Directors of AREVA SA in 2017 and those approved by the Board of Directors of the Company in 2018.

The performance objectives shall be approved every year by the Board of Directors of the Company, with effect from 2018.

Non-competition payments

The Board of Directors may decide to grant Mr. Philippe Knoche an indemnity in return for a non-competition clause. The amount of this indemnity shall be deducted from the amount of severance payment granted, where applicable, to Mr. Philippe Knoche in accordance with the above conditions. In the absence of any severance payment, the amount of the non-competition indemnity shall be set by the Board of Directors in accordance with usual practices.

Any severance payment and/or non-competition indemnity must be approved in advance by the Board of Directors in accordance with Article L. 225-42-1, paragraph 5, of the French Commercial Code and be approved by the Minister for the Economy pursuant to the aforementioned Article 3 of Decree No. 52-707 of August 9, 1953.

Pensions and retirement benefits

No defined-benefit supplemental retirement plans have been subscribed by the Company on behalf of Mr. Philippe Knoche. He is eligible for the supplemental retirement plans applicable to the Company's management personnel.

Unemployment insurance

A MEDEF unemployment insurance policy has been taken out with the GSC (Garantie Sociale des Chefs et Dirigeants d'Entreprise), in favor of Mr. Philippe Knoche. 70% of the contributions to this policy are paid by the Company and 30% by the beneficiary.

4.5.4.2 Compensation of the Chairman of the Board of Directors

Mr. Philippe Varin has been Chairman of the Board of Directors of AREVA SA since January 8, 2015.

Mr. Philippe Varin was also appointed Chairman of the Board of Directors of the Company by a decision of the Board of Directors dated July 27, 2017.

Based on a recommendation by the Compensation and Nominating Committee of AREVA SA, the Board of Directors' meeting of July 27, 2017 decided to set the gross fixed compensation of Mr. Philippe Varin in respect of his duties during his term of office and prorata temporis for the year 2017, at 120,000 euros.

This decision was authorized by a ministerial decision dated September 7, 2017.

Mr. Philippe Varin does not receive any variable compensation.

The table below presents the compensation owed to or received by Mr. Philippe Varin in respect of his duties as Chairman of the Board of Directors of the Company for the financial year ended and financial year N-1:

<i>(in euros)</i>	Summary of compensation and benefits to Philippe Varin			
	FY 2016		Year ended August 31, 2017	
	Amounts due	Amounts paid	Amounts owed ⁽¹⁾	Amounts paid ⁽²⁾
New AREVA Holding officer				
Fixed compensation	n/a	n/a	11,428	11,428
Variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Non-cash benefits	n/a	n/a	n/a	n/a
TOTAL	N/A	N/A	11,428	11,428

(1) Compensation due for the financial year, regardless of payment date

(2) Total compensation paid during the financial year.

Severance and non-competition payments

Mr. Philippe Varin is not entitled to any severance or non-competition payment.

Executive director	Employment contract		Supplemental retirement benefits		Compensation or benefits due or likely to be owed due to the cessation of or change in duties, including payments relative to a non-competition clause	
	Yes	No	Yes	No	Yes	No
Name: Philippe Varin Position: Chairman of the Board of Directors Date of start of term: July 27, 2017 Date of end of term: 2022 GM		X		X		X

4.5.5 Shareholder consultation on the compensation of officers

The Report on the Compensation Policy approved by the shareholders at the General Meeting of July 27, 2017 sets out the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components that make up the total compensation and benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer in respect of their terms of office for the period between July 27 and December 31, 2017.

Given the period covered by this report and considering that only the payment of variable and exceptional components (as opposed to fixed components) is conditional upon the approval of the General Meeting of Shareholders under the terms of Article L. 225-100 of the French Commercial Code, the shareholders shall not be invited to rule upon the compensation due or paid to the Chairman of the Board of Directors and the Chief Executive Officer during the General Meeting called to approve the financial statements for the fiscal period January 1 to August 31, 2017, but rather during the meeting called in 2018 to rule upon the financial statements of the following period (from September 1 to December 31, 2017) such that their vote shall cover the period between July 27 and December 31, 2017.

4.6 Reference Corporate Governance Code

By a decision of the Board of Directors dated July 27, 2017, the Company voluntarily refers to the "corporate governance code for publicly traded companies" jointly prepared by the AFEP and MEDEF in December 2008 and most recently revised in November 2016 (the AFEP-MEDEF Code).

In accordance with the "apply or explain" principle described in Article L. 225-37-4 of the French Commercial Code, the Company explains below the reasons for which it has derogated from the following recommendations of the AFEP-MEDEF Code.

AFEP-MEDEF Recommendation	Derogation	Explanation or measures taken
The AFEP-MEDEF Code recommends staggering the terms of office of the members of the Board of Directors so as to avoid en masse renewals/replacements and to ensure the smooth renewal/replacement of the directors – Article 14 of the Code.	The terms of office of the first members of the Board of Directors appointed on July 27, 2017 will all expire on the same date, i.e. following the General Meeting called to rule upon the financial statements for the fiscal year ended December 31, 2021.	The agreements entered into between the French State, AREVA SA, MHI and JNFL provide for the establishment of a new governance with effect from the completion of the capital increase reserved for the French State, making it impossible at this stage to implement staggered terms of office.
The AFEP-MEDEF Code recommends that at least one-third of the directors be independent in accordance with the criteria set out by the Code - Article 8 of the Code.	The Board of Directors has two independent directors according to the criteria of the AFEP-MEDEF Code and one director deemed independent (Philippe Varin) according to the provisions of the Shareholders Agreement (3/10).	The Board of Directors, on July 27, 2017, considered that Mr. Philippe Varin, by virtue of the agreements entered into between the French State, AREVA SA, MHI, JNFL and the Company dated March 13, 2017, satisfies the independence criteria defined in the AFEP-MEDEF Code. His status as independent director shall, following the completion of the capital increase reserved for the Japanese investors and the appointment of the censor currently representing the latter as an independent director, satisfy this criteria for one-third of the directors to be independent (4/11).
The AFEP-MEDEF Code recommends that: <ul style="list-style-type: none"> • at least two-thirds of the members of the Audit Committee be independent directors; • the committees in charge of appointments and compensation must not have any members that are executive officers and must be comprised of a majority of independent directors; • the chairperson of the compensation committee must be independent and one member should be an employee director (Articles 15, 16 and 17 of the Code). 	<ul style="list-style-type: none"> • The Audit and Ethics Committee is not composed of two-thirds independent directors. • The majority of the members of the Compensation and Nominating Committee are directors nominated by the French State and one member is an employee director. Furthermore, it is not chaired by an independent director. 	These recommendations do not apply to the Company, given its shareholding structure and the resulting composition of the Board of Directors.
The AFEP-MEDEF Code recommends that the members of the Board of Directors hold a "relatively significant number" of shares and that the executive directors hold a "minimum quantity of shares" – Articles 19 and 22 of the Code.	The Company's Articles of Association and the rules of procedure of the Board of Directors do not state that its members must hold a relatively significant number of shares. Moreover, the Board of Directors has not set the number of shares that must be held by the executive directors until the end of their terms of office.	These recommendations do not apply to the Company, given its shareholding structure and the resulting composition of the Board of Directors. Furthermore, due to the fact that the Company's shares are not listed, the concerns motivating this recommendation about alignment of interests in terms of changes in the market price are not relevant. Because no stock options or bonus shares have been awarded to the executive directors, the recommendation to retain a portion of the shares obtained in this context is not relevant either.

4.7 General Meetings

4.7.1 Shareholder attendance at General Meetings

In accordance with Chapter V of the Company's Articles of Association, General Meetings of Shareholders are convened and deliberated in accordance with the conditions 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.

4.7.2 Summary of delegations granted to the Board of Directors by the General Meeting of Shareholders pursuant to Article L. 225-37-4 of the French Commercial Code

The table below presents a summary of the valid delegations granted to the Board of Directors by the General Meeting of Shareholders in relation to capital increases, pursuant to Article L. 225-37-4 of the French Commercial Code.

Type of authorization	Date of authorization	Term / Expiration	Maximum amount (in 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.	EGM July 11, 2017 (amendment to the 2nd resolution adopted by the EGM of February 3, 2017)	18 months used July 26, 2017	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.	EGM February 3, 2017 (amendment to the 4th resolution adopted by the EGM of February 3, 2017)	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.	EGM February 3, 2017 (amendment to the 6th resolution adopted by the EGM of February 3, 2017)	18 months August 3, 2018	250,020,606.27

4.8 Agreements covered by Article L. 225-37-4 of the French Commercial Code

In accordance with Article L. 225-37-4 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 on June 13, 2014 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.

4.9 Elements likely to have an impact in the event of a public offering

Due to the fact that company shares are not admitted for trading on a regulated market, they may not be the subject of a public tender offer or public exchange offer and consequently, the provisions of Article L. 225-37-5 of the French Commercial Code requiring the description of elements likely to have an impact in the event of a public offering are not applicable.

5 Corporate social responsibility information

5.1 Social, environmental and societal responsibility report (CSR)

The CSR report can be found in Appendix 8.8 of this report.

5.2 Key non-financial performance indicators related to the Company's specific activities

Key non-financial performance indicators related to the Company's specific activities can be found on page 23 of Appendix 8.8 of this report.

6 Information on share capital

6.1 Structure and evolution of the Company's share capital

6.1.1 Amount of subscribed capital

On July 26, 2017, following the completion of the capital increase reserved for the French State as described in Section 1.1.2 of this report, the Company's share capital was increased by 66,038,195 euros by the issue of 132,076,390 new ordinary shares in favor of the French State, each with a par value of zero point five euros (€0.50), thus increasing the share capital of the Company by 52,830,555 euros to 118,868,750 euros.

At August 31, 2017, the share capital of the Company stands at 118,868,750 euros, divided into 237,737,500 shares each with a par value of 0.50 euros and accompanied by a single voting right per share.

6.1.2 Treasury shares and interlocking investments

None.

6.1.3 Share buyback programs

None.

6.1.4 Liens

None.

6.1.5 Transactions during the period referred to in Article L. 621-18-2 of the French Monetary and Financial Code

None.

6.2 Allocation of capital and voting rights

6.2.1 Shareholding structure

At August 31, 2017, the distribution of the Company's share capital and voting rights was as follows:

Shareholder	Number of shares	% of share capital and voting rights
AREVA SA	105,661,109	44.444444%
French State	132,076,391	55.555556%
Total	237,737,500	100%

At the time of publication of this activity report, the distribution of the Company's share capital and voting rights is as follows:

Shareholder	Number of shares	% of share capital and voting rights
AREVA SA	105,661,109	44.444444%
French State	132,076,391	55.555556%
<i>of which CEA</i>	12,774,283	5.4%
Total	237,737,500	100%

6.2.2 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 within the Group, the provisions of Article L. 225-129-6 of the French Commercial Code related to the obligation to hold a triennial meeting were not applicable to the Company.

At August 31, 2017, the Company had one employee.

7 Other information

7.1 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 convened to approve the financial statements for the period ending December 31, 2020)

MAZARS

(term expiring at the conclusion of the Annual General Meeting convened to approve the financial statements for the period ending December 31, 2019)

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, 2020)

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, 2019)

7.2 Review of regulated agreements and commitments

7.2.1 Review of regulated agreements and commitments authorized during the period ended August 31, 2017

During the period ended August 31, 2017, the Board of Directors authorized the following regulated agreements and commitments in accordance with Articles L. 225-38 and L. 225-42-1 of the French Commercial Code:

- **Agreement for an advance from the shareholder current account**

To secure the financing of the Group's general requirements and the repayment of the bond debt payable until the effective subscription by the French State to the capital increase reserved therefor, the French State has agreed to grant an advance from the shareholder current account to the Company in the amount of 1.3 billion euros. This current account advance has been approved by the European Commission by a decision dated January 10, 2017.

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 French State. This authorization cancels and replaces the authorization given by the Board of Directors concerning the same agreement on January 26, 2017, following the change to certain characteristics of the advance.

This agreement was signed by the Company and the French State on February 3, 2017. Due to the fact that the capital increase reserved for the French State was completed on July 26, 2017, the current account advance granted has not been drawn.

The principal characteristics of this advance were as follows:

- Date of draw: starting August 1, 2017, in the event that the capital increase of the Company was not yet 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.

- **Memorandum of investment and shareholders' agreement**

On January 26, 2017, the Board of Directors authorized the signing of a memorandum of investment and a shareholders' agreement between AREVA SA, the French State, Japan Nuclear Fuel Limited (JNFL), Mitsubishi Heavy Industries Ltd. (MHI) and the Company, pertaining to the acquisition by JNFL and MHI of an equity stake in the Company, each acquiring 5% of the share capital and voting rights.

The aforementioned memorandum of investment and shareholders' agreement came into force on March 13, 2017.

- **Trust agreement**

On January 26, 2017, the Board of Directors authorized the signing of a trust agreement between AREVA SA, the French State, Mitsubishi Heavy Industries Ltd. (MHI), Japan Nuclear Fuel Limited (JNFL), the Company and Crédit Agricole Corporate and Investment Bank.

In accordance with the provisions of the aforementioned memorandum of investment, the signing of the trust agreement took place on the day of completion of the capital increase of the Company reserved for the French State, namely July 26, 2017.

Under the terms of this trust agreement, MHI and JNFL placed in trust the sum of their subscriptions to the capital increase reserved therefor (i.e. 500,041,212.54 euros in total) until the completion of said capital increase.

Also under the terms of this agreement, the Company undertakes to pay all trust expenses and, where applicable, to pay compensation for any decrease in value of the trust estate.

- **Amendment to the memorandum of investment and shareholders' agreement**

On June 29, 2017, the Board of Directors authorized the signing of an amendment to the memorandum of investment and shareholders' agreement entered into on March 13, 2017 by AREVA SA, the French State, Mitsubishi Heavy Industries Ltd. (MHI), Japan Nuclear Fuel Limited (JNFL) and the Company.

The main purpose of this amendment was to:

- add to the draft statutes and rules of procedure of the Company appended to the memorandum of investment and shareholders' agreement to reflect the additional changes agreed between the parties;
- formalize the agreement of MHI and JNFL to proceed, where applicable, with the two closures of the Company's fiscal year and that of some of its subsidiaries;
- amend certain provisions of the aforementioned memorandum of investment to bring it into line with the schedule agreed for the completion of the capital increase reserved for the French State.

This amendment is in the Company's interest insofar as its conclusion was an essential and indivisible part of the implementation of the AREVA group restructuring project, and in particular of the Company's capital increases reserved for (i) the French State and (ii) MHI and JNFL.

It was signed on July 26, 2017.

- **Service agreement**

On July 26, 2017, the Board of Directors authorized the signing of a service agreement between AREVA SA and the Company. The aim of this agreement is to ensure the transfer of knowledge and to enable AREVA SA to have immediate access to the resources and means required to carry out certain tasks. It is justified by the Company's loss of control following the completion of its capital increase reserved for the French State.

The Company undertakes to provide to AREVA SA, directly or via one of its affiliates or a third-party provider of its choice, certain services within a specific list of fields.

This service agreement, entered into in accordance with the rules applicable to regulated professions, notably concerns certain financial services, the administrative management of human resources, the management of work environment services and access to information systems.

Services are billed in accordance with the conditions set out in the appendices to the agreement, it being specified that the prices thereof, approved annually as part of the parties' budgetary review, include a 2% margin (IT services) or 5% margin (non-IT services) on top of their cost price.

The agreement is renewable on a yearly basis, with effect from the completion of the Company's capital increase reserved for the French State.

The agreement was signed on July 27, 2017.

- **Compensation of independent director members of the Advisory Committee**

On July 27, 2017, the Board of Directors took note of the establishment of an "Advisory Committee" in accordance with the provisions of the Shareholders' Agreement entered into on March 13, 2017 between AREVA SA, the French State, Mitsubishi Heavy Industries Ltd. (MHI), Japan Nuclear Fuel Limited (JNFL) and the Company.

This Advisory Committee, which plays an advisory and consultative role, may make proposals relating to the Group's strategy, particularly in relation to its international development policy.

On the same day, the Board of Directors, upon a recommendation from the AREVA SA Compensation and Nominating Committee, authorized the assignment of compensation to those independent directors agreeing to sit on the Advisory Committee of 1,500 euros per meeting attended.

- **Company commitments in favor of Mr. Philippe Knoche**

On July 27, 2017, the Board of Directors noted the appointment, by a decree of the Minister of the Economy dated July 26, 2017, of Philippe Knoche as Chief Executive Officer of the Company.

This same Board of Directors, upon a proposal from the Compensation and Nominating Committee, established the Company's commitments concerning compensation and benefits due or likely to be due to Philippe Knoche, Chief Executive Officer, due to the cessation of or change to his duties in accordance with the following terms.

The Board of Directors authorized the payment to Philippe Knoche of a severance payment of a maximum amount equal to twice the sum of his annual compensation on the day of cessation of his duties.

It should be noted that if Mr. Knoche (i) intends to claim his pension rights shortly after the end of his term of office, for any reason whatsoever, including forced departure, or (ii) comes to hold another position within the Group; he shall not be entitled to a severance payment.

This severance payment shall only be paid in the event of the dismissal of Mr. Philippe Knoche due to a change in control or strategy, and not in the event of dismissal for just cause. In all cases, the payment shall be subject to performance conditions, based on the following criteria:

- if the rate of fulfillment of the quantitative and qualitative objectives set for the last two full fiscal years averages out to at least 60%, the severance payment shall automatically be paid;
- if the rate of fulfillment of the quantitative and qualitative objectives set for the last two full fiscal years averages out to less than 60%, the Board of Directors shall appraise the performance of the person in question in view of the circumstances that affected the operation of the Company during the fiscal year ended.

The appraisal of the rate of fulfillment of the quantitative and qualitative objectives shall be as follows:

- if the calculation is performed in 2018: those approved by the Board of Directors of AREVA SA in 2017 and 2016;
- if the calculation is performed in 2019: those approved by the Board of Directors of AREVA SA in 2017 and those approved by the Board of Directors of New AREVA Holding in 2018.

Consequently, as from 2018, the performance objectives shall be approved each year by the Company's Board of Directors.

Moreover, the Board of Directors may decide to grant to the Chief Executive Officer an indemnity in return for a non-competition clause. The amount of this indemnity shall be deducted from the amount of any severance payment that may be granted to the CEO under the above terms and conditions. In the absence of any severance payment, the amount of the non-competition indemnity shall be set by the Board of Directors in accordance with usual practices.

Such indemnities are not part of the capped compensation of the Chief Executive Officer.

Mr. Philippe Knoche shall also be eligible for:

- MEDEF unemployment insurance from the GSC (Garantie Sociale des Chefs et Dirigeants d'Entreprise), to which 70% of the contributions shall be made by the Company and 30% by Philippe Knoche.
- the supplemental retirement scheme applicable to the management personnel of the Company.

7.2.2 Review of regulated agreements and commitments authorized during previous fiscal years with continuing effect in the last fiscal year

No agreement authorized during previous fiscal years by the Board of Directors as regards Article L. 225-38 of the French Commercial Code was continued during the period ended August 31, 2017.

7.3 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.

7.4 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.

7.5 Payment terms

Invoices received and issued and not settled as at the closing date of the period and for which the payment deadline has passed are presented in the table below (in accordance with paragraph I of Article D. 441-4).

Invoices received and issued and not settled as at the closing date of the period and for which the payment deadline has passed (in accordance with paragraph I of Article D. 441-4).

(in thousands of euros)	Article D. 441 1.- 1°: Invoices <i>received</i> and not settled as at the closing date of the period and for which the payment deadline has passed						Article D. 441 1.- 2°: Invoices <i>issued</i> and not settled as at the closing date of the period and for which the payment deadline has passed					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day or more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day or more)
(A) Overdues classified by												
Number of invoices	4					2	2					33
Total sum of invoices concerned, excl. taxes	17,588	2	0	0	0	2	147	0	114	138	763	1,015
Percentage of total sum of purchases (excl. taxes) for the period	19.33%	0.00%	0.00%	0.00%	0.00%	0.00%						
Percentage of revenue (excl. taxes) for the period							0.51%	0.00%	0.40%	0.48%	2.67%	3.55%
(B) Invoices excluded from (A) concerning receivables and borrowings in dispute or not recognized												
Number of invoices excluded	0					0						
Total sum of invoices excluded (incl. taxes)	0					0						
(C) Reference payment terms used (contractual or legal terms - Article L. 441-6 or Article L. 443-1 of the French Commercial code)												
Payment terms used to calculate overdue payments	o Contractual terms + LME Law						o Contractual terms + LME Law					
	Purchases excl. taxes	90,981					Revenue excl. taxes	28,593				

7.6 Information on loans granted to other companies covered by Articles L. 511-6 and R. 511-2-1-1-II of the French Monetary and Financial Code

None.

8 Appendices to the annual activity report

Appendix 8.1 Consolidated Financial Statements - Period ended August 31, 2017

Appendix 8.2 Company Financial Statements - Period ended August 31, 2017

Appendix 8.3 Statutory Auditors' report on the consolidated financial statements for the period ended August 31, 2017

Appendix 8.4 Statutory Auditors' report on the Company financial statements for the period ended August 31, 2017

Appendix 8.5 Five-year financial summary

Appendix 8.6. Subsidiaries and associates

Appendix 8.7 List of companies controlled indirectly

Appendix 8.8 Corporate Social Responsibility report (CSR)

Appendix 8.9 Report of the Board of Directors on the principles and criteria for determining, distributing and allocating fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the officers of the Company (Article L. 225-37-2 of the French Commercial Code)

8.1 Consolidated Financial Statements - Period ended August 31, 2017

CONSOLIDATED FINANCIAL
STATEMENTS

NEW AREVA
(NewCo)

August 31, 2017

Consolidated statement of income

<i>(in millions of euros)</i>	<i>Note</i>	August 31, 2017 (8 months)	December 31, 2016(*) (12 months)
REVENUE	(note 3)	2,339	4,401
Other income from operations		1	3
Cost of sales		(1,936)	(3,434)
GROSS MARGIN		403	971
Research and development expenses		(51)	(90)
Marketing and sales expenses	(note 5)	(33)	(37)
General expenses	(note 5)	(82)	(59)
Other operating income	(note 5)	47	22
Other operating expenses	(note 5)	(566)	(393)
OPERATING INCOME		(281)	415
Share in net income of joint ventures and associates	(note 13)	9	10
Operating income after share in net income of joint ventures and associates		(272)	425
Gross borrowing costs		(152)	(228)
Income from cash and cash equivalents		10	9
Net borrowing costs		(142)	(219)
Other financial expenses		(320)	(635)
Other financial income		404	342
Other financial income and expenses		84	(293)
NET FINANCIAL INCOME	(note 7)	(58)	(512)
Income tax	(note 8)	(49)	(332)
NET INCOME FROM CONTINUING OPERATIONS		(378)	(419)
Net income from discontinued operations		(2)	70
NET INCOME FOR THE PERIOD		(380)	(349)
NET INCOME ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(260)	(239)
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS	(note 20)	(120)	(110)

(*) Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year (see Notes 1.3 and 34).

Comprehensive income

<i>(in millions of euros)</i>	<i>Note</i>	August 31, 2017 (8 months)	December 31 2016 (*) (12 months)
Net income		(380)	(349)
Items not recyclable to the income statement		35	(64)
Actuarial gains and losses on the employee benefits of consolidated companies		34	(53)
Income tax related to non-recyclable items		0	(1)
Share in non-recyclable items from joint ventures and associates, net of tax		-	(10)
Non-recyclable items related to discontinued operations, net of tax		-	-
Items recyclable to the income statement		(63)	70
Currency translation adjustments of consolidated companies		(189)	145
Change in value of available-for-sale financial assets		(132)	(162)
Change in value of cash flow hedges		248	48
Income tax related to recyclable items		10	39
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 8)	(29)	5
COMPREHENSIVE INCOME		(409)	(344)
- Attributable to equity owners of the parent		(276)	(283)
- Attributable to minority interests		(133)	(61)

(*) Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year (see Notes 1.3 and 34).

Consolidated statement of financial position

ASSETS	<i>Note</i>	August 31, 2017	December 31, 2016
<i>(in millions of euros)</i>			
NON-CURRENT ASSETS		16,364	17,004
Goodwill on consolidated companies	(note 9)	1,204	1,303
Intangible assets	(note 10)	1,344	1,601
Property, plant and equipment	(note 11)	7,130	7,554
End-of-lifecycle assets (third party share)	(note 12)	115	127
Assets earmarked for end-of-lifecycle operations	(note 12)	6,261	6,089
Investments in joint ventures and associates	(note 13)	13	17
Other non-current assets	(note 14)	139	135
Deferred tax assets	(note 8)	157	178
CURRENT ASSETS		6,834	4,410
Inventories and in-process	(note 15)	1,445	1,261
Trade accounts receivable and related accounts	(note 16)	1,014	841
Other operating receivables	(note 17)	653	661
Other non-operating receivables		68	62
Current tax assets	(note 8)	137	127
Other current financial assets		14	2
Cash and cash equivalents	(note 18)	3,504	1,434
Assets of operations held for sale		-	23
TOTAL ASSETS		23,198	21,414

LIABILITIES AND EQUITY	<i>Note</i>	August 31, 2017	December 31, 2016(*)
<i>(in millions of euros)</i>			
Capital		119	53
Consolidated premiums and reserves		960	(1,120)
Actuarial gains and losses on employee benefits		(123)	(157)
Unrealized gains (losses) on financial instruments		265	136
Currency translation reserves		(68)	113
Equity attributable to owners of the parent		1,154	(976)
Minority interests	(note 20)	(204)	(40)
EQUITY & MINORITY INTERESTS	(note 19)	950	(1,016)
NON-CURRENT LIABILITIES		13,972	14,024
Employee benefits	(note 21)	1,358	1,402
Provisions for end-of-lifecycle operations	(note 12)	7,480	7,341
Non-current provisions	(note 22)	262	254
Share in negative net equity of joint ventures and associates	(note 13)	47	63
Long-term borrowings	(note 23)	4,804	4,851
Deferred tax liabilities	(note 8)	21	113
CURRENT LIABILITIES		8,276	8,407
Current provisions	(note 22)	1,700	1,733
Short-term borrowings	(note 23)	1,102	1,022
Advances and prepayments	(note 24)	2,924	2,894
Trade accounts payable and related accounts		587	619
Other operating liabilities	(note 25)	1,776	1,839
Other non-operating liabilities		71	72
Current tax liabilities	(note 8)	116	213
Liabilities of operations held for sale		-	15
LIABILITIES AND EQUITY		23,198	21,414

(*) Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year (see Notes 1.3 and 34).

Consolidated statement of cash flows

<i>(in millions of euros)</i>	August 31, 2017 8 months	December 31, 2016(*) (12 months)
Net income for the period	(380)	(349)
Less: income from operations sold, discontinued or held for sale	2	(70)
Net income from continuing operations	(378)	(419)
(Profit) / loss of joint ventures and associates	(9)	(10)
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	855	908
Impairment loss on goodwill	-	-
Net increase in (reversal of) provisions	(165)	(226)
Net effect of unwinding of assets and provisions	234	501
Income tax expense (current and deferred)	49	332
Net interest included in borrowing costs	145	226
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(253)	(90)
Other non-cash items	15	(8)
Dividends from joint ventures and associates	-	-
Cash flow from operations before interest and taxes	493	1,214
Net interest received (paid)	(75)	(134)
Income tax paid	(234)	(174)
Cash flow from operations after interest and tax	184	907
Change in working capital requirement	(79)	(139)
NET CASHFLOW FROM OPERATING ACTIVITIES	105	767
Investment in PP&E and intangible assets	(284)	(542)
Loans granted and acquisitions of non-current financial assets	(1,787)	(1,119)
Acquisitions of shares of consolidated companies, net of acquired cash	(62)	-
Disposals of PP&E and intangible assets	2	16
Loan repayments and disposals of non-current financial assets	1,736	1,131
Disposals of shares of consolidated companies, net of disposed cash	4	-
NET CASH FLOW FROM INVESTING ACTIVITIES	(391)	(514)
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries (see Note 19)	2,500	-
Disposals (purchases) of treasury shares	-	-
Transactions with minority interests	(104)	(132)
Dividends paid to minority shareholders of consolidated companies	(24)	(110)
Increase in borrowings	20	31
Decrease in borrowings	(18)	(393)
Change in other borrowings	(10)	81
Cash flow related to contributions	-	(1,019)
NET CASH FLOW FROM FINANCING ACTIVITIES	2,366	(1,542)
Decrease (increase) in securities recognized at fair value through profit and loss	-	-
Impact of foreign exchange movements	(14)	86
Net cash from operations sold, discontinued or held for sale	2	61
CHANGE IN NET CASH	2,067	(1,141)
Net cash at the beginning of the year	1,382	2,523
Net cash at the end of the period (see Note 18)	3,504	1,434
Less: Short-term bank facilities and non-trade current accounts (credit balances) (see Note 23)	(54)	(53)
Net cash of operations held for sale	0	1
Net cash at the end of the year	3,450	1,382

(*) Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year (see Notes 1.3 and 34).

Cash flow related to the Contribution, on November 10, 2016, by (1,019) million euros includes:

- 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.

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, 2016	16,500,000	247	1,335	(93)	211	16	1,716	237	1,953
Net income for the year			(239)				(239)	(110)	(349)
Other items of comprehensive income (see Note 8)				(65)	(75)	96	(44)	49	5
Comprehensive income			(239)	(65)	(75)	96	(283)	(61)	(344)
Dividends paid								(110)	(110)
Other transactions with shareholders (see Note 19)	89,161,110	(195)	(121)				(316)	(105)	(421)
Transactions with companies under joint control (see Note 19)			(2,095)	0	(0)	1	(2,094)		(2,094)
DECEMBER 31, 2016 (*)	105,661,110	53	(1,120)	(157)	136	113	(976)	(40)	(1,016)
Net income for the year			(260)				(260)	(120)	(380)
Other items of comprehensive income (see Note 8)				35	130	(181)	(16)	(13)	(29)
Comprehensive income			(260)	35	130	(181)	(276)	(133)	(409)
Dividends paid								(32)	(32)
Other transactions with shareholders (see Note 19)	132,076,390	66	2,426			(0)	2,492	(0)	2,492
Transactions with companies under joint control (see Note 19)			(85)			0	(85)	0	(85)
AUGUST 31, 2017	237,737,500	119	960	(123)	265	(68)	1,154	(204)	950

(*) Pursuant to IAS 8, the financial statements for fiscal year 2016 were corrected for the error in provisions for employee benefits as compared to the data reported the previous year (see Notes 1.3 and 34).

Operating segments

Definition of EBITDA

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) (see Note 6).

BY BUSINESS SEGMENT

August 31, 2017 8 months

Income

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate, other operations and eliminations	Total
Gross revenue	791	404	1,141	3	2,339
Inter-segment sales	(3)	(4)	(26)	33	-
Contribution to consolidated revenue	787	401	1,115	36	2,339
Operating income	(46)	(92)	38	(182)	(281)
EBITDA (see Note 6)	406	157	164	(126)	602
% of gross revenue	51.4%	39.0%	14.4%	n.a.	25.8%

The fraction of the group's total revenue with its principal customer, EDF, was about 41% of total revenue for the eight months ended August 31, 2017 (as compared to 31% for the period ended December 31, 2016).

Balance sheet

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate, other operations and eliminations	Total
PP&E and intangible assets (including goodwill)	2,909	4,201	2,507	62	9,678
Assets earmarked for end-of-lifecycle operations	2	1,592	4,536	246	6,376
Other non-current assets				309	309
Subtotal: Non-current assets	2,911	5,793	7,043	617	16,364
Inventories and receivables (excluding tax receivables)	562	1,038	1,101	478	3,179
Other current assets				3,655	3,655
Subtotal: Current assets	562	1,038	1,101	4,133	6,834
TOTAL ASSETS	3,473	6,831	8,144	4,749	23,198

December 31, 2016 12 months

Income

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate, other operations and eliminations	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	7	415
EBITDA (see Note 6)	747	354	300	(64)	1,338
% of gross revenue	51.3%	33.5%	17.0%	n.a.	30.4%

Balance sheet

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate, other operations and eliminations	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	0	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)	531	1,036	1,054	202	2,824
Other current assets				1,562	1,562
Subtotal: Current assets	531	1,036	1,054	1,765	4,386
Assets of operations held for sale				23	23
TOTAL ASSETS	4,040	6,986	8,223	2,166	21,414

BY REGION

August 31, 2017 8 months

Contribution to consolidated revenue by business segment and customer location

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	Total
France	246	194	759	29	1,228
Europe (excluding France)	44	20	135	6	205
North & South America	103	111	167	0	381
Asia-Pacific	383	69	53	0	505
Africa & Middle East	11	7	1	0	19
TOTAL	787	401	1,115	35	2,339

Closing balances of net property, plant and equipment and intangible assets (excluding goodwill) at August 31, 2017 by region and by business segment

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	Total
France	81	4,034	2,230	38	6,383
Europe (excluding France)	146	-	1	0	147
North & South America	1,481	6	49	6	1,541
Asia-Pacific	2	-	0	0	2
Africa & Middle East	401	-	-	-	401
TOTAL	2,110	4,040	2,280	45	8,474

Acquisitions of property, plant and equipment and intangible assets (excluding goodwill) for the 8 months ended August 31, 2017 by business segment and by original region of the units

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	Total
France	0	84	129	1	215
Europe (excluding France)	19	-	2	0	21
North & South America	13	-	6	0	20
Asia-Pacific	1	-	-	0	1
Africa & Middle East	22	-	-	-	22
TOTAL	56	84	137	1	279

December 31, 2016 12 months

Contribution to consolidated revenue by business segment and customer location

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	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 and other operations	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 original geographic region of the units

<i>(in millions of euros)</i>	Mining	Front End	Back End	Corporate and other operations	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

Notes to the consolidated financial statements for the period ended August 31, 2017

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

"New AREVA Holding" refers to the parent company of New AREVA.

"The Group" or "New AREVA" designates the group constituted by New AREVA Holding and all of the subsidiaries and interests held directly or indirectly. This scope is designated by NewCo in the financial communications in the expectation of a name change which should occur early in 2018.

INTRODUCTION

In accordance with article L. 233-16 of the French Commercial Code, New AREVA Holding issued securities admitted for trading on a regulated market and is thus required to publish consolidated financial statements. The consolidated financial statements as at August 31, 2017 were approved by the Board of Directors of New AREVA Holding on October 31, 2017.

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

1.1 MAJOR EVENTS OF THE YEAR

As part of its restructuring in 2016, AREVA grouped all of its subsidiaries and associates involved in the nuclear fuel cycle (including Mining, Chemistry-Enrichment and Back End operations) into the subgroup New AREVA. The contributions from AREVA SA to New AREVA Holding were completed on November 10, 2016.

At the end of August 2017 the last, not significant assets in the nuclear fuel cycle were contributed and consist of:

- the *Laboratoire d'Etalons d'Activité* (Industry Standards Laboratory) based at the Tricastin site and which is part of the Chemistry and Enrichment business unit;
- the dismantling and services operations in Germany, grouped into a new entity called AREVA Decommissioning & Services GmbH and which is part of the Recycling business unit.

On July 26, 2017, the New AREVA capital increase reserved for the French State in the amount of 2.5 billion euros, was completed. This transaction resulted in a reduction in the percentage held by AREVA SA in the capital of New AREVA from 100% to 44.4% which in turn led to the latter leaving the tax consolidation group originally constituted around AREVA SA.

Since then, and to enable the constitution of the New AREVA tax consolidation group on September 1, 2017, it was decided by the New AREVA Holding Combined General Meeting of July 27, 2017 to temporarily modify the closing date of the company's financial year by bringing forward the closing date of the financial year beginning January 1, 2017 to August 31, 2017 (financial year of eight months) and to then return to a closing date of December 31 for the financial year beginning September 1, 2017 (financial year of four months).

Accordingly, the company has prepared the consolidated financial statements for the period beginning January 1, 2017 and ending August 31, 2017. On the closing date of December 31, 2017, New AREVA will prepare consolidated financial statements for the period between September 1, 2017 and December 31, 2017. Consolidated statements to December 31, 2017 covering the full 12 months of 2017, will also be prepared on a voluntary basis.

With regard to the fiscal year ended August 31, 2017, the companies will be directly and individually liable for corporate income tax. With effect from the financial year beginning September 1, 2017, the constitution of the New AREVA Holding tax consolidation group will lawfully enable the latter to offset the profits and losses of the companies within its group, including New AREVA Holding, to calculate the tax expense payable after this offsetting by New AREVA Holding, as the parent company of the Group.

The consolidated financial statements present all information required for the fiscal year ended August 31, 2017 with an exceptional duration of eight months. In this context, the financial statements to August 31, 2017 (covering an 8-month period) are not comparable to the preceding financial year (covering a 12-month period).

European Commission consent on the participation of the French State in the Restructuring Plan

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

On January 10, 2017, following the review of this matter by the European Commission, the latter authorized the French State's participation in the capital increases of AREVA and New AREVA Holding, subject to:

- the European Commission's authorization of the merger between EDF and New NP;
- 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 AREVA SA 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.

Pending the fulfillment of these conditions, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State; one to AREVA in the amount of 2 billion euros and the other to 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 capital increases.

In this instance, on May 29, 2017, the European Commission authorized the transfer of control of New NP to EDF. This authorization carried with it no obligation.

On June 28, 2017, the ASN College gave its opinion 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, stating that "the mechanical characteristics of the vessel bottom head and closure head are adequate with regard to the loadings to which these parts are subjected, including in the event of an accident"; and, on July 12, 2017, EDF notified AREVA of its decision to waive the condition precedent set out in the New NP sale agreement related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor's vessel. On October 10, 2017, the ASN confirmed the findings of the aforementioned draft opinion.

The conditions stipulated in the decision of January 10 have therefore been met.

New AREVA Holding capital increase and signing of the memorandum of investment and the JNFL and MHI shareholders' agreement pertaining to the capital of New AREVA Holding

Following the fulfillment of the aforementioned preconditions set by the European Commission, the New AREVA Holding capital increase will be carried out in two stages:

- A capital increase reserved for the French State, in the amount of 2.5 billion euros, was completed on July 26, 2017 and, at the same time, funds corresponding to the total amount of the future JNFL and MHI investment, i.e. 500 million euros, were placed in trust;
- Subsequently, following the sale by the AREVA Group of the majority control of New NP to EDF, planned for the end of 2017, the Board of Directors of New AREVA Holding will implement the capital increase reserved for JNFL and MHI, in the amount of 500 million euros, subject to the fulfillment of certain conditions (in particular certain customary conditions related to the acquisition of an equity stake by MHI and JNFL).

Effectively, on July 12, 2017, the Board of Directors of New AREVA Holding, noting the lifting of the preconditions set by the European Commission, decided to use the delegation granted by the General Meeting of February 3, 2017 to implement the capital increase of New AREVA Holding, for the portion reserved for the French State. This capital increase of 2.5 billion euros was carried out on July 26, 2017.

With effect from this date, AREVA SA holds a minority interest in New AREVA Holding of 44.44% of the capital and voting rights, resulting in the loss of AREVA SA's control of New AREVA. Following the aforementioned second stage, this minority interest in New AREVA Holding should stand at 40%.

On March 13, 2017, the memorandum of investment and the shareholders' agreement relating to New AREVA Holding, formally signed on March 20, 2017 by the Mitsubishi Heavy Industries (MHI) and Japan Nuclear Fuel Ltd (JNFL) industrial groups, the Commissioner of State shareholdings and AREVA, entered into force. The signing of these documents was expected following the announcement on February 3, 2017 that the principal terms of the agreements for the acquisition of a 5% equity stake each in New AREVA Holding by JNFL and MHI, representing a total amount of 500 million euros, had been approved. Lastly, the release of the funds placed in trust should occur at the beginning of 2018, once the sale of New NP, due to complete at the end of 2017, has been finalized.

Liquidity position and going concern

Beyond the day-to-day operations of New AREVA, which will remain broadly balanced over the next 12 months, the company must notably:

- Ensure the repayment of its short-term borrowing of 1.1 billion euros, primarily comprised of the bond issue of 0.8 billion euros and accrued interest of 0.1 billion euros. This repayment was made as expected on October 5, 2017;
- Increase its earmarked fund for end-of-cycle operations in the amount of 0.8 billion euros
 - in accordance with the joint request from the Minister of the Environment and the Minister of Finances (letter dated January 5, 2017), achieve a coverage level of 95% in 2017, and,
 - as set out in the Group business plan approved by the Board of Directors in August 2016.

In order to meet its commitments and ensure the continuity of operations over the long term, as at August 31, 2017, New AREVA had gross cash available of 3.5 billion euros. In addition, the release of funds relating to the capital increase reserved for third party investors in the amount of 0.5 billion euros will take place in January 2018, after the completion of the sale of New NP by AREVA before the end of 2017.

These factors will enable New AREVA to meet its financial obligations and ensure its sustainable development, before being in a position in the medium term to refinance on the markets. Beyond the next 12 months, the first significant debt maturities are comprised of the repayment of a private placement equivalent to approximately 61 million euros maturing on September 20, 2018, and the bond issue of 750 million euros maturing on November 6, 2019.

Voluntary Departure Plan

As of August 31, 2017 there were 1,233 departures under the voluntary departure plans at AREVA Mines, AREVA NC, AREVA Projects (the cycle engineering activity of AREVA NP in 2016), AREVA Business Support, SET and Eurodif Production.

Of this total, 546 employees had their work contract canceled as of August 31, 2017 and 687 employees will terminate by December 31, 2019.

1.2 ESTIMATES AND JUDGMENTS

To prepare its financial statements, New AREVA 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 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 1.3.3 and 22), 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 9, 10 and 11);
- 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 1.3.9 and 21);
- 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 1.3.11 and 12);
 - 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 measure the provisions for uncompleted work, in particular for waste treatment chains not yet existing: the projected estimates of these operations, the provisional schedule of expenditures, the rate of inflation and the discount rate;
- 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 (see Notes 1.3.10 and 22);
- estimates and judgments relative to the recoverability of accounts receivable from the Group's customers and other accounts receivable (see Note 1.3.6);
- estimates and judgments regarding the material or durable nature of the impairment of available-for-sale financial assets (see Notes 1.3.7, 12 and 14);
- estimates of future taxable income used to recognize deferred tax assets (see Notes 1.3.16 and 8).

1.3 ACCOUNTING PRINCIPLES

Pursuant to European Regulation 1606/2002 of July 19, 2002, New AREVA's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union at August 31, 2017. 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 August 31, 2017 is later than that date.

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

IFRS 9 "Financial Instruments"

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 fiscal years beginning on or after 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 hedge (or micro-hedge) accounting.

The Group carried out an analysis of the issues and potential impacts which Phase 1 "Classification and Measurement" could have on assets earmarked for end-of-lifecycle operations. In fact, according to IFRS 9, the classification and measurement of financial assets (consisting largely of the earmarked portfolio) depend on the business model and contractual characteristics of the instruments:

- shareholder instruments (stocks) are classified by default as "at fair value through profit and loss," except for irrevocable options, classified in non-recyclable shareholders' equity.
- Debt instruments, of the type known as SPPI (Solely Payments of Principal and Interest) are measured at fair value through recyclable equity under the "collection and sale" management model or at amortized cost under a "collection" model.

To the extent that that the Group will not change the way it manages its earmarked funds (including mutual funds) and will by default apply the treatment to equity instruments, the main impacts are expected to be increased volatility of earnings. 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. □

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. A valuation model is in the process of being defined.

Finally, Phase 3 "Coverage" aims to bring hedge accounting more closely in line with the way risks are managed. The Group is currently studying potential issues in its financial risk hedging strategies and their documentation but based on analyses made to date, does not expect material impacts on its consolidated financial statements.

IFRS 15 "Revenue from Contracts with Customers"

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.

An analysis conducted by the Group based on the major types of contracts has identified the main issues likely to have an impact on revenue, in particular as regards timing of recognition. A quantitative analysis of the impacts of the initial application of IFRS 15 is currently in progress.

The main areas identified at this stage and likely to have an impact on the Group's revenue are the following:

- Capital expenditures financed by customers: IFRS 15 requires identification of the performance obligations in the contract, referring to goods or services for which control is transferred to the customer. Contracts involving customer-financed capital projects must be analyzed to determine whether the construction of capital projects is a distinct performance obligation. If this is not the case, the timing of revenue recognition relating to financed capital projects could be changed from the current practice.
- Significant financing components: IFRS 15 requires that the price of the contract be restated in the case where one of the parties to the contract receives a significant advantage from the other party related to the financing of the provision of goods or services to the customer (characterized by a significant gap between when the control of the goods or services is transferred and when they are paid for). This results in an increase in revenue as compared to the nominal amounts of the contract to reflect a financial expense when the Group receives financing, or a decrease in revenue as compared to the nominal amounts of the contract to reflect financial income when the Group provides financing.
- Revenue on a percentage completion basis: IFRS 15 requires recognition of revenue on a percentage completion basis when certain criteria are met. At this stage of the analysis, the Group does not anticipate a change in how revenue is recognized for the contracts currently measured on a percentage completion basis as provided in IAS 11. A detailed review of the contracts portfolio is nevertheless being completed, in order to confirm the preliminary analysis.

IFRS 15 will be applied by the Group starting January 1, 2018 using the "full retrospective approach." Consequently, the 2017 comparative financial statements presented in the 2018 financial statements will be restated and shareholders' equity appearing on the opening balance sheet on September 1, 2017 will be adjusted for the effects of the application of this new standard.

New standards and interpretations not yet adopted by the European Union

- IFRS 16 "Leases"
- IFRS 15 "Revenue from Contracts with Customers" - Clarifications
- Amendment to IFRS 4 "Insurance Contracts"
- Amendment to IFRS 2 "Share-based payments" clarification regarding measurement and in the event of changing a cash-settled plan to an equity-settled one.

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

During actuarial assessments carried out in the first quarter of 2017, a material error was identified in the estimate of provisions for employee benefits recognized at December 31, 2016. This error concerns (i) a delay in updating workforce databases, which did not factor in some resignations and some retirements for actuarial calculations at December 31, 2016, and (ii) to a lesser extent, an additional plan reduction related to departures under the Voluntary Departure Plan. Following the correction of this error, net income at December 31, 2016 was increased by 10 million euros, and actuarial gains and losses of 30 million euros were recognized in comprehensive income.

Pursuant to IAS 8, the impact of that correction was recognized retroactively in the statement of income and in the statement of comprehensive income for the year ended December 31, 2016, and consequently in equity at January 1, 2017. The statement of financial position and the statement of comprehensive income at December 31, 2016 presented in the consolidated financial statements for the period ended August 31, 2017, have been corrected accordingly (see Note 34).

1.3.1 Operating segments

New AREVA reports its segment information by operation, which corresponds to the level at which performance is reviewed by the Group's management, in accordance with the requirements of IFRS 8. The three operating segments presented are: Mining, Front End and Back End.

New AREVA has opted for centralized management of financial assets and liabilities and tax matters. Therefore, the corresponding balance sheet and income statement items are not assigned to business operations.

In addition, New AREVA reports by geographic area: the consolidated revenue of New AREVA is distributed among the following five geographic areas depending on where sales are delivered: France, Europe outside France, America (North and South), Asia-Pacific, Africa and the Middle East.

1.3.2 Revenue recognition

Revenue includes:

- revenue from construction contracts and certain services recognized according to the percentage of completion method in accordance with IAS 11 (see Note 1.3.3);
- 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.

With regard to commodity trading (uranium), revenue consists simply of the margin obtained by the entity making the sale.

1.3.3 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 applying this method, revenue and profit on contracts are recognized as and when progress on the work is completed. The Group uses the cost-based PCM formula, whereby 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.

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 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 on which costs began to be incurred since January 1, 2009: The financial expenses generated by these contracts are factored into the calculation of the projected profit upon 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.

1.3.4 Valuation of property, plant and equipment and intangible assets

1.3.4.1. Measurement on initial recognition

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

1.3.4.2. 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.

1.3.4.3. Intangible assets

Research and Development expenses

Research and development expenses incurred by New AREVA 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 six criteria of IAS 38.

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.

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.

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.

1.3.4.4. 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 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 1.3.11). 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, 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.

1.3.4.5. Impairment of property, plant and equipment, intangible assets and goodwill

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. In addition, tests are performed on property, plant and equipment and intangible assets with a finite useful life when there is evidence of loss of value.

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 strategic plan, the mining plans and the assumptions they contain.

Impairment is recognized when the recoverable amount is less than the net carrying amount of the assets belonging to it. The recoverable amount 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, multiples of uranium resources in the ground obtained by comparing the market capitalizations of comparable companies with the stated reserves or resources of deposits) or on analyses conducted by internal or external experts of the Group;
- and 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.

1.3.5 Inventories and work-in-process

Financial expenses and Research and Development costs funded by New AREVA 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".

1.3.6 Trade receivables

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.

1.3.7 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 1.3.15);
- 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.

1.3.7.1. Assets earmarked for end-of-lifecycle operations

This heading brings together all of the investments that New AREVA 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 method described in Note 1.3.6.

- 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 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 is not involved in the management of the dedicated investment funds, which are managed by independent and reputable asset management firms of the Group. 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 does not have control over the mutual funds’ management firms;
 - New AREVA 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;
 - none of the financial investments made by the funds are strategic to New AREVA;
 - New AREVA 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 may terminate the management agreements only in specific cases (gross negligence, fraud, etc.). Consequently, New AREVA 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’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.

1.3.7.2. Other available-for-sale securities

This heading combines the other shares held by New AREVA 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 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.

1.3.7.3. 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 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 for end-of-lifecycle operations: assets earmarked for end-of-life-cycle operations must legally be held for very long periods of time, with expenses covered occurring after 2050.

New AREVA 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 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 the 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.

1.3.7.4. 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.

1.3.7.5. 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.

1.3.7.6. Puts and calls

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.

1.3.7.7. 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.

1.3.8 Treasury shares

Treasury shares are not recognized in the balance sheet but deducted from equity, at their acquisition cost.

1.3.9 Employee benefits

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, are recognized pursuant to IAS 19 as amended.

The benefits provided under post-employment benefits can be distinguished according to whether the level of benefits depends on (i) contributions made by the employee ("defined contribution" plans) or (ii) a level of benefit defined by the company ("defined benefit" plans).

For defined contribution plans, the Group's payments are recognized as expenses for the period to which they relate.

For defined benefit plans, retirement benefit costs are estimated using the projected unit credit method. Under this method, the rights to the benefit are allocated to periods of service according to the formula used by the plan for the acquisition of rights under the plan. 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. These future payments are reduced to their present value using a discount rate determined according to the rates of investment-grade corporate bonds of a maturity equivalent to that of the company's corporate 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 expense corresponding to the cost of the services rendered is divided between the different operating expense items by purpose: the costs of products and services sold, Research and Development, sales and marketing expenses, administrative expenses.

The discount rate used to evaluate these obligations at August 31, 2017 was 1.50% for the Eurozone, unchanged from December 31, 2016. The discount rate used to evaluate the obligations in the United States at August 31, 2017 was 3.25% for the US zone (as against 4.0% at December 31, 2016).

These rates are set in light of several relevant indicators, the primary one being the Group's corporate IAS 19 yield curve by the co-ordinating actuary, supplemented by a basket of high quality corporate bonds from the Eurozone, of comparable maturities.

1.3.10. 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 would 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.

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.

The provisions for work completion cover a set of future services to be provided under contracts for which the obligations to the clients have been closed out and the revenue recognized.

1.3.11. Provisions for end-of-lifecycle operations

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 and for discontinued facilities.

The provisions cover:

- the costs of certain wastes from older contracts for processing spent fuel which could not be treated on site;
- the costs to prepare the installation site for decommissioning. The final condition (buildings and soils) of the facilities to be decommissioned serves as a base assumption for the dismantling scenario;
- the costs of transport and storage of radioactive waste by Andra.

The provisions for the end-of-lifecycle operations are recognized through operating profit and loss.

The costs are revised to take inflation into account and to reflect economic conditions for the year. They are then allocated in accordance with the provisional schedule of disbursements, and take into account the forecast inflation rate and discount rate. A provision is then recognized based on the present value.

In addition, the financing expected from third parties relating to the share of the provisions for end-of-lifecycle operations is recorded in a non-current asset account entitled: "End-of-lifecycle assets – third party share", which is discounted in exactly the same way as the related provisions.

The 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 1.3.3.4) as "End-of-lifecycle assets – group share".

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.

Treatment of income and expenses from discounting reversals

The provision is accreted at the end of each fiscal year: the accretion represents 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.

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, done with reference to the regulatory cap rate;
- 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.

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;
- 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. Accordingly, the changed assumptions about the portion of these provisions financed by the Group are recognized immediately in profit and loss: 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 financial income.

1.3.12. Borrowings

Borrowings include:

- interest bearing liabilities (including bonds);
- liabilities under finance leases; and
- put options held by minority shareholders of AREVA Group subsidiaries.

1.3.12.1. 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 1.3.13);
- loans from financial institutions;
- bonds issued by New AREVA;
- bank overdraft 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.

1.3.12.2. Liabilities 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.

1.3.13. Advances and prepayments received

There are three types of advances and prepayments from customers:

- interest-bearing advances, which are presented as borrowings (see Note 1.3.12.2);
- 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.

1.3.14. 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:

- operating income when related to operating activities: trade accounts receivable, trade accounts payable, etc.;
- in financial income when related to loans or borrowings.

1.3.15. Derivatives and hedge accounting

1.3.15.1. Risks hedged and financial instruments

New AREVA uses derivatives to hedge its foreign exchange and interest rate exposure. The derivatives used are mainly forward currency contracts, currency and interest rate swaps, inflation swaps and currency options.

The hedged risks relate to receivables, liabilities and firm or projected obligations in foreign currencies.

1.3.15.2. 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 refers to future probable cash flow hedges: projected purchases and sales in foreign currencies.

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.

1.3.15.3. 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.

1.3.16. Income tax

As provided in IAS 12, deferred taxes are determined 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, e.g. 34.43% for 2017 but 28.92% starting no later than 2020 for all French companies. 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 mostly carried in profit and loss, with the exception of those which relate to "Other items of comprehensive income," which are also carried in "Other items of comprehensive income."

New AREVA elected to recognize the value added business tax (*contribution sur la valeur ajoutée des entreprises*, CVAE) to which all of its French subsidiaries have been subject on net income (including the tax for Chamber of Commerce and Industry expenses) at the rate of 1.6% since 2010. New AREVA 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 the corresponding temporary differences.

DEFERRED TAX ASSETS

The recoverable share of the Group's deferred tax assets is that for which the probability of recovery is higher than 50%. In practice, 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 results; 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

2.1. Consolidated companies (French/foreign)

<i>(number of companies)</i>	August 31, 2017		December 31, 2016	
Consolidation method	French	Foreign	French	Foreign
Full consolidation	28	50	27	49
Equity method	2	6	1	6
Sub-total	30	56	28	55
Total	86		83	

2.2. Transactions carried out as at August 31, 2017

Sale of MAINCO:

New AREVA sold its MAINCO subsidiary, specializing in industrial logistics, to a family-owned French Group on June 30, 2017.

Acquisition of AREVA Projects

In January 2017, New AREVA acquired the AREVA Projects company from AREVA NP SAS in order to consolidate nuclear cycle engineering into New AREVA, as provided for in the Group's restructuring plan.

Creation of AREVA Decommissioning & Services GmbH and acquisition of Dekontaminierung Sanierung Rekultivierung (DSR)

New AREVA created a company in Germany called AREVA Decommissioning & Services GmbH (AREVA D&S GmbH) as part of the AREVA Group restructuring, to house the decommissioning and associated services previously placed within AREVA GmbH. To that end, this company has acquired from AREVA GmbH its reactor dismantling operations and DSR Ingenieurgesellschaft mbH, an engineering company specialized in radiation protection and the safety of nuclear facilities, both operational and decommissioned.

Purchase of non-controlling interests in EURODIF SA

On July 19, 2017, AREVA NC SA acquired 11.1% of ENUSA's investment in Eurodif SA, bringing its direct ownership in the Company to just under 67%. This acquisition followed one made in December 2016 from SYNATOM and is part of AREVA NC SA's plan to acquire all of the shares held by its European partners following the shutdown of the gaseous diffusion plant Georges Besse at the Tricastin site in order to optimize the operational management of that site.

Creation of SI-nerGIE

New AREVA and AREVA NP created a consortium (French GIE) called SI-nerGIE to share a joint information system and thus avoid the costs and operational risks of the information system and part of the restructuring of the AREVA Group.

2.3. 2016 transactions

Sale of Canberra France and its subsidiaries

On July 1, 2016, New AREVA sold the French company Canberra SAS, 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.

Purchase of non-controlling interests in EURODIF SA

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

2.4. Consolidated companies and associates

Unit (name) or related entities Corporate name, form	Country	August 31, 2017		December 31, 2016	
		Method	% interest	Method	% 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
Chemistry & Enrichment BU					
EURODIF SA (see Note 20)	France	FC	100	FC	100
EURODIF PRODUCTION (see Note 20)	France	FC	100	FC	100
SOCATRI (cf. Note 20)	France	FC	100	FC	100
SOFIDIF	France	FC	60	FC	60
SET HOLDING	France	FC	95	FC	95
SET	France	FC	95	FC	95
ETC	Great Britain	EM	50	EM	50
AREVA Nuclear Materials, LLC	United States	FC	100	FC	100
Laboratoire d'étalons d'activité	France	FC	100		
Mining BU					
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 LTEE	Canada	FC	100	FC	100
Urangesellschaft Canada Limited	Canada	FC	100	FC	100
URAMIN Centrafrique	Central African Rep.	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 RESSOURCES	Jordan	FC	50	FC	50
Erongo Desalination Company (PTY) LTD	Namibia	FC	100	FC	100
AREVEXPLO RCA SA	Central African Rep.	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	43.56	FC	66
Logistics BU					
MAINCO	France			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	FC	100
Recycling BU					
AREVA TEMIS	France	FC	100	FC	100
AREVA NC JAPAN Projects	Japan	FC	100	FC	100
ANADEC	Japan	EM	50	EM	50
AREVA RMC UK Ltd	Great Britain			FC	100
AREVA MACE ATKINS	Great Britain	EM	33	EM	33
AREVA Decommissioning & Services Gmbh	Germany	FC	100		
Dekontaminierung Sanierung Rekultivierung (DSR)	Germany	FC	100		
Decommissioning & Services BU					
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	FC	48.75
SICN	France	FC	100	FC	100
AREVA Projects					
AREVA Projects France	France	FC	100		
AREVA Projects - RMC UK	Great Britain	FC	100		
AREVA MED BU					
AREVA MED SAS	France	FC	100	FC	100
AREVA MED LLC	United States	FC	100	FC	100
Central Other					
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
AREVA JAPAN	Japan	FC	100	FC	100
AREVA KOREA	Rep. 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
SI-nerGIE	France	EM	50		

(FC: Full consolidation - EM: equity method - JO: Joint operation)

2.5. Unconsolidated companies

The net value of unconsolidated equity at less than 50% ownership, representing 10 investments, amounts to 19 million euros on the balance sheet.

The net value of unconsolidated equity at more than 50% ownership, representing 11 investments, amounts to 4 million euros on the balance sheet. The company believes there is no risk associated with these holdings and considers them non-material.

Note 3 – REVENUE

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Contracts accounted for according to the percentage of completion method	698	1,179
Other sales of products and services:		
- Sales of goods	901	1,708
- Sales of services	740	1,515
Total	2,339	4,401

Note 4 – ADDITIONAL INFORMATION BY TYPE OF EXPENSE

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Employee expenses (*)	(996)	(1,328)
Average full time equivalent workforce	18,470	16,314
Operating leases	(17)	(21)

(*) Excluding pension obligations

The change in the average full time equivalent workforce derives from changes in consolidation scope (see Note 2.2).

Note 5 – MARKETING, SALES, GENERAL AND OTHER EXPENSE AND OTHER OPERATING INCOME

Selling and general expenses

Marketing, Sales and general expenses refers to administrative costs not allocated to business costs. In 2016, corporate external costs were borne by AREVA SA under existing agreements.

Other operating expenses

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Restructuring and early retirement costs	(32)	(4)
Goodwill impairment	-	-
Impairment of other assets	(483)	(306)
Income on sales of non-financial assets	(4)	(1)
Other operating expenses	(48)	(82)
Total other operating expenses	(566)	(393)

Impairment of goodwill, of intangible assets and of property, plant and equipment are described in Notes 9, 10 and 11 respectively.

Other operating income

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Income on disposals of assets other than financial assets	5	
Other operating income	42	22
Total other operating income	47	22

Note 6 - RECONCILIATION BETWEEN OPERATING INCOME AND EBITDA

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Operating income	(281)	415
Goodwill impairment	-	-
Net increase in depreciation and impairment of intangible assets, net of reversals	255	105
Net increase in depreciation and impairment of property, plant and equipment, net of reversals	599	781
Impairment of current assets, net of reversals	68	32
Provisions, net of reversals (*)	(160)	(226)
Investment subsidies recognized through profit and loss	0	0
Costs of end-of-lifecycle operations performed	122	230
EBITDA	602	1,338

(*) including increases and reversals of provisions for employee benefits

Note 7 – NET FINANCIAL INCOME

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Net borrowing costs	(142)	(219)
Income from cash and cash equivalents	10	9
Gross borrowing costs	(152)	(228)
Other financial income and expenses	84	(293)
Share related to end-of-lifecycle operations	208	(91)
Income from disposal of securities earmarked for end-of-lifecycle operations	253	90
Dividends received	112	216
Income from receivables related to dismantling and from discount reversal on earmarked assets	28	23
Impairment of securities	-	(22)
Impact of changes in discount rate and of schedule revisions	1	(178)
Unwinding expenses on end-of-lifecycle operations	(185)	(220)
Share not related to end-of-lifecycle operations	(124)	(202)
Foreign exchange gain (loss)	(11)	-
Interest on customer contract prepayments	(30)	(54)
Financial income from pensions and other employee benefits	(14)	(30)
Other financial expenses	(78)	(130)
Other financial income	10	11
Net Financial Income	(58)	(512)

Gross borrowing costs at the end of August 2017 include the interest expense on the bond loans in an amount of 131 million euros (versus 38 million euros recognized from November 10, 2016 forward).

Note 8 – INCOME TAX

Analysis of tax expense

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Current taxes (France)	(105)	(201)
Current taxes (other countries)	(19)	(34)
Total current taxes	(124)	(235)
Deferred taxes	75	(97)
Total taxes	(49)	(332)

The addition to equity made on July 26, 2017 for the benefit of new AREVA Holding resulted in the removal of the company and its subsidiaries from the tax consolidation headed by AREVA SA, retroactively from January 1, 2017. Accordingly, the tax expense calculated for the period now includes only unconsolidated companies.

Because AREVA SA is no longer in the tax consolidation group, the loss-making companies may no longer carry forward the losses incurred during the tax consolidation period instituted by AREVA SA. This effect remains without impact on the tax expense, since no deferred tax had been previously recognized in this regard.

The tax credits that the tax-consolidated companies transmitted to the parent company during the tax consolidation period and that were not used within the consolidation will be refunded by AREVA SA in the first half of the fourth year following that in which the expenses giving rise to the tax credit were incurred, i.e., from 2018

(the 2014 tax credits) to 2020 (the 2016 tax credits).

The main French subsidiaries in the consolidation, which are owned at a minimum of 95%, will constitute a new tax consolidation group as of September 1, 2017.

The change in deferred taxes for the period includes in particular a new offset against the deferred tax assets, of the deferred tax liabilities allocated to the tax consolidation by the subsidiaries which were not previously part thereof, in the amount of 113 million euros.

As previously, and out of caution, no deferred tax assets have been recognized in connection with the tax loss carryforwards of French entities that are to be part of the tax consolidation group.

In Canada, New AREVA is faced with uncertainty as to the method of calculating mining royalties, since the legislation of the Province of Saskatchewan refers to "market prices," although the government provides no instructions or guidance on how to set or to demonstrate a market price.

Reconciliation of tax expense and income before taxes

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Net income attributable to equity owners of the parent	(260)	(239)
Less		
Net income from operations sold, discontinued or held for sale	2	(70)
Minority interests	(120)	(110)
Net income of associates	(9)	(10)
Tax expense (income)	49	332
Income before tax	(339)	(97)
Theoretical tax income (expense) at 34.43%	117	33
Impact of tax consolidation		
Transactions taxed at a rate other than the ordinary tax rate	(14)	(20)
Unrecognized deferred taxes	(114)	(359)
Other permanent differences	(38)	14
Effective tax income (expense)	(49)	(332)
Effective tax rate	n/a	n/a

Deferred tax assets and liabilities

<i>(in millions of euros)</i>	August 31, 2017	2016
Deferred tax assets	157	178
Deferred tax liabilities	21	113
Net deferred tax assets and liabilities	135	65

Main categories of deferred tax assets and liabilities

<i>(in millions of euros)</i>	August 31, 2017	2016
<u>Tax impact of temporary differences related to:</u>		
Non-current assets	34	(101)
Working capital assets	(2)	23
Provisions for pension obligations	155	107
Provisions for restructuring	1	2
Tax-driven provisions	(144)	(129)
Provisions for dismantling	31	32
Impact of loss carry-forwards and deferred taxes	40	91
Other temporary differences	21	41
Net deferred tax assets and liabilities	135	65

Change in consolidated deferred tax assets and liabilities

<i>(in millions of euros)</i>	August 31, 2017	2016
At January 1	65	101
Tax on continuing operations, recognized in profit or loss	75	(97)
Tax recognized in operations held for sale		2
Tax expense recognized directly in other items of comprehensive income	10	38
Change in consolidated group		15
Currency translation adjustments	(15)	7
Closing balance	135	65

Consolidated deferred tax income and expenses by category of temporary difference

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Property, plant and equipment, intangible assets and non-current financial assets	194	77
Working capital assets	31	25
Employee benefits	(14)	(64)
Provisions for restructuring	(12)	(1)
Tax-driven provisions	(16)	(30)
Provisions for end-of-lifecycle operations		(6)
Net loss carry-forwards and deferred taxes	30	213
Impairment of deferred taxes	(114)	(359)
Other temporary differences	(24)	49
Net deferred tax income (expenses)	75	(97)

Deferred taxes recognized outside profit or loss

<i>(in millions of euros)</i>	August 31, 2017			December 31, 2016		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Actuarial gains and losses on employee benefits	34	0	34	(53)	(1)	(54)
Currency translation adjustments of consolidated companies	(189)		(189)	145		145
Change in value of available-for-sale financial assets	(132)	(41)	(173)	(162)	51	(111)
Change in value of net investment hedges	0	(5)	(5)			
Change in value of cash flow hedges	248	55	303	48	(12)	36
Share in comprehensive income of associates (net of income tax)	0		0	(10)		(10)
Total other items of comprehensive income (net of income tax)	(39)	10	(29)	(33)	38	5

Deferred tax assets not recognized

<i>(in millions of euros)</i>	August 31, 2017	2016
Tax credits		
Tax losses	450	406
Other temporary differences	1,167	1,177
Total deferred tax assets not recognized	1,617	1,583

Note 9 – GOODWILL

<i>(in millions of euros)</i>	December 31, 2016	Acquisitions	Disposals	Impairment	Currency translation adjustments and other	August 31, 2017
Mining	913				(97)	816
Front End	161					161
Back End	228				(1)	227
Total	1,303				(99)	1,204

Goodwill impairment tests

As indicated in Notes 1.2. "Estimates and judgments" and 1.3.4.5 "Impairment of property, plant and equipment, intangible assets and goodwill", the Group performs impairment testing at least once a year. These tests consist of comparing the net carrying amount of the assets of cash generating units to which goodwill has been allocated (after inclusion of write-downs of property, plant and equipment and intangible assets listed in Notes 10 and 11) to their recoverable amount.

The discount rates used for these tests are based on the calculation of the average cost of capital and reflect the current assessment of the time-value of money and the specific risk of the asset or CGU in question. 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:

At August 31, 2017	Discount rate after tax	Growth rate of base year	Final year
Mining	7.50% -12.00%	n/a	n/a
Front End	6.70%	n/a	n/a
Back End	6.40% -6.70%	1.75%	2026

At December 31, 2016	Discount rate after tax	Growth rate of base year	Final year
Mining	7.50% -12.00%	n/a	n/a
Front End	6.70%	n/a	n/a
Back End	6.40% -6.70%	1.75%	2026

These impairment tests were calculated using exchange rates in effect on the balance sheet date or the hedged rate when cash flows are hedged.

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 2037), 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% (the same rates as at December 31, 2016) and using a euro/US dollar exchange rate of 1.18 at August 31, 2017 (1.05 at December 31, 2016).

Future cash flows are determined using the data from the backlog and the projected price curve prepared and updated by New AREVA. The price forecast is based among other things on New AREVA'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 projected price curve was updated in October 2017 to take account inter alia of the early shutdown of certain U.S. Reactors, the risk of not achieving the AP 1000s in the United States, the risk on certain new power station constructions in Korea and the slowdown and/or postponement of new nuclear construction programs.

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: 90 million euros,
- a euro/U.S. dollar exchange rate of 5 euro cents higher (i.e. 1.23 instead of 1.18): 207 million euros
- uranium sales price assumptions of 5 dollars less per pound than the price forecast curve drawn up by New AREVA for the entire period of the business plans: 351 million euros.

On this point, the sensitivity analysis was carried out without taking into account a revision of economically extractable uranium quantities or a revision of production schedules resulting from this price change.

Taken individually, such deterioration would not result in impairment of the goodwill of the Mines CGU unless it concerned a deterioration relative to the sales price assumptions to less than 5 dollars per pound of uranium.

Front End and Back End

The impairment tests carried out at August 31, 2017 on the CGUs relating to our Chemistry-Enrichment and Back End operations did not result in recognition of any goodwill impairment.

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/U.S. dollar exchange rate of 5 euro cents higher (i.e. 1.23 instead of 1.18): 140 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.

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 on goodwill, since its recoverable value remains greater than the net carrying amount of assets.

Note 10 – 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, 2016	1,960	58	1,310	408	357	324	192	4,608
CAPEX	20	6				14		41
Disposals								
Currency translation adjustments	(127)	(1)	(135)	(2)	(1)	(36)	(5)	(306)
Change in consolidated group				1	7	1		9
Other changes	13	(1)		1	3	(13)		3
Gross amount at August 31, 2017	1,866	62	1,176	407	367	289	188	4,355
Depreciation and provisions at December 31, 2016	(957)	(3)	(1,310)	(78)	(323)	(260)	(75)	(3,007)
Net increase in depreciation / impairment ⁽¹⁾	(228)	(2)		(3)	(3)	(1)	(19)	(255)
Disposals								
Currency translation adjustments	82		135	2		28	2	251
Change in consolidated group				(1)	(7)			(7)
Other changes	21						(13)	8
Depreciation and provisions at August 31, 2017	(1,081)	(5)	(1,176)	(79)	(333)	(233)	(104)	(3,011)
Net carrying amount at December 31, 2016	1,003	55	0	330	33	64	117	1,601
Net carrying amount at August 31, 2017	785	57	0	328	34	56	84	1,344

(1) including 190 million euros of impairment of intangible assets recognized at August 31, 2017, including IMOURAREN and TREKKOPJE (see Note 11).

Note 11 – PROPERTY, PLANT AND EQUIPMENT

<i>(in millions of euros)</i>	Land	Buildings	Plant, equipment and tooling	Decommissioned assets - Group share	Other	In progress	Total
Gross amount at December 31, 2016	156	1,882	19,705	1,527	1,465	1,966	26,702
CAPEX		5	20		2	235	262
Disposals		(3)	(13)		(7)	(17)	(39)
Currency translation adjustments	(3)	(26)	(67)	(0)	(85)	(16)	(196)
Change in consolidated group		(0)	-	-	(1)	(0)	(1)
Other changes	1	35	58	4	58	(108)	49
Gross amount at August 31, 2017	154	1,893	19,704	1,531	1,433	2,061	26,776
Depreciation and provisions at December 31, 2016	(80)	(939)	(15,094)	(1,019)	(1,190)	(826)	(19,148)
Net increase in depreciation / impairment ⁽¹⁾	(1)	(37)	(258)	(16)	(31)	(257)	(599)
Disposals		3	12		6		21
Currency translation adjustments		12	23		76	1	112
Change in consolidated group		0	1		1		2
Other changes	(0)	(15)	(8)	(0)	(11)		(34)
Depreciation and provisions at August 31, 2017	(80)	(976)	(15,323)	(1,035)	(1,150)	(1,082)	(19,646)
Net carrying amount at December 31, 2016	76	943	4,612	508	275	1,141	7,554
Net carrying amount at August 31, 2017	74	918	4,380	496	283	979	7,130

(1) Impairment of property, plant and equipment in the amount of 293 million euros was recognized at August 31, 2017, including IMOURAREN, TREKKOPJE and COMURHEX II.

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 sign an amendment to the strategic partnership agreement of May 26, 2014.

An impairment loss of 316 million euros was recognized at December 31, 2016.

As indicated in Note 9, the projected price curve prepared by New AREVA was updated in October 2017. The deterioration of conditions in the uranium market, as reflected in this new price curve, has led the company to reassess the value of fixed assets in the Imouraren project. As in the case of the analysis carried out in 2015 in the “care and maintenance” phase of the site, the company identified the tangible and intangible assets for which it no longer expects future economic benefits from their use or sale due to the current market outlook, and recognized an impairment of certain project assets in the amount of 275 million euros during the period. An impairment write-off of 107 million euros was recognized at June 30, 2017.

Following this analysis, the carrying amount of the Imouraren project’s non-current assets amounted to 69 million euros at August 31, 2017 (compared with 348 million euros at December 31, 2016).

In addition, the net book value of the assets as at 31 August 2017 did not exceed the potential resale value of reserves and resources of the deposits, calculated as a multiple of uranium resources in the ground.

The impairment translates into a debit balance of 432 million euros for minority interests at August 31, 2017. Imouraren SA and the companies which control it had negative net worth at August 31, 2017.

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% (unchanged from December 31, 2016).

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, 10 million euros at December 31, 2016 and additional impairment of 32 million euros at August 31, 2017, 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 191 million euros (compared with 250 million euros at December 31, 2016).

Comurhex II plant

The impairment test shows that the value in use of property, plant and equipment under construction – valued at August 31, 2017 using a discount rate of 6.70% (unchanged from December 31, 2016), a euro/U.S. dollar exchange rate of 1.18 corresponding to the rate at August 31, 2017 (versus 1.05 at December 31, 2016), and sales price assumptions for conversion units resulting from New AREVA's mid- and long-term forecasts for the balance between supply and demand no longer justify their net carrying amount, which is equal to the amounts capitalized at August 31, 2017, i.e. 267 million euros. The value in use, mainly under the combined effects of the exchange rate and a downward revision of the sales price assumptions, amounted to 103 million euros, such that an asset impairment of 164 million euros was recorded in the financial statements at August 31, 2017, of which 118 million euros had been recognized at June 30, 2017 due to fluctuations in exchange rates.

The result of the impairment test remains sensitive to the assumptions used, in particular the discount rate, the euro/U.S. 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: 39 million euros;
- a euro/U.S. dollar exchange rate of 5 euro cents higher (i.e. 1.23 instead of 1.18): 65 million euros;
- sales price assumptions of 1 US dollar less per conversion unit compared with the price forecast drawn up by New AREVA: 56 million euros.

GEORGES BESSE II PLANT

Given the drop in market indicators, the impairment test on property, plant and equipment related to the Georges Besse II plant was carried out using a discount rate of 6.70% (unchanged from December 31, 2016), a euro/U.S. dollar exchange rate of 1.18 corresponding to the rate at August 31, 2017, and SWU sales price assumptions resulting from New AREVA's mid- and long-term forecasts for supply and demand. On that basis, no impairment was recognized at August 31, 2017.

A sensitivity analysis using the same parameters as the Enrichment CGU would not lead to recognition of impairment.

Note 12 – END-OF-LIFECYCLE OPERATIONS

End-of-lifecycle assets include two items:

- the Group's share of assets classified under property, plant and equipment on the statement of financial position (see Note 11);
- third-party share of assets described in this note.

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 11)

<i>(in millions of euros)</i>	Net carrying amount December 31, 2016	Decrease from period expense	Accretion	Change in assumptions, revised budgets, etc.	Net carrying amount at August 31, 2017
TOTAL THIRD-PARTY SHARE	127	(15)	3	-	115

The third-party share remaining in the end-of-lifecycle assets corresponds to the funding expected mainly from CEA for the Pierrelatte site. In 2017, this line changed for the following reasons:

- an increase related to the discounting expense;
- a decrease due to work performed during the period.

The discount rate used for the "third-party share" assets is identical to that used to calculate provisions for end-of-lifecycle operations (see principles set out in Note 1.3.11).

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2016	Reversals (when risk has materialized): expenses for the period	Accretion	Change in assumptions, revised budgets, etc.	Net carrying amount at August 31, 2017
Provisions for end-of-lifecycle operations (legal*)	7,100	(118)	179	72	7,233
Provisions for end-of-lifecycle operations (other than legal*)	241	(2)	6	2	247
PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	7,341	(120)	185	74	7,480

(*) scope of application of the Act of June 28, 2006

At August 31, 2017, provisions for end-of-lifecycle changed for the following reasons:

- Period expenses, group share, for -120 million euros;
- Period accretion expense of +185 million euros;
- The changes in assumptions for +89 million euros and the expenses, third-party share, for -15 million euros.

The main change in assumptions resulted from an 80 million euro increase as a contingency for risks and uncertainties related to the dismantling of facilities in the front end of the cycle and waste retrieval and packaging. This increase adds to the provision due to uncertainties (within the meaning of Article 2 of Decree no. 2007-243 of February 23, 2007 relating to securing the funding of nuclear expenses). The provision was recognized pursuant to the follow-up letter received on May 28, 2014 from the governmental authority.

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'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 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. These documents detail the methods used by New AREVA to measure the cost of end-of-lifecycle operations as well as the expenses relating to the evacuation and storage of radioactive waste.

Uncertainties and opportunities

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 standard and updated regularly as the projects advance;
- a margin for unforeseen events designed to cover unidentified risks.

The discount rate (see principles laid out in Note 1.3.11)

For the facilities located in France at August 31, 2017, New AREVA has assumed a long-term inflation rate of 1.65% and a discount rate of 4.1%, unchanged from the rates assumed at December 31, 2016.

At August 31, 2017, 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 -348 million euros with a rate of +25 bps or +382 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. This decree is expected at the end of 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 sets up a provision for expenses related to radioactive waste that it owns.

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).

The Ministerial Decree of January 15, 2016 set at 25 billion euros the cost related to the implementation of CIGEO (impact recorded in the 2015 financial statements).

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, based on the method used to establish the existing provision.

Tentative schedule of provision disbursements

In light of the process underway, an update of these data will be communicated as at December 31, 2017.

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>	August 31, 2017	December 31, 2016
Receivables related to end-of-lifecycle operations	782	779
Earmarked assets	5,479	5,310
TOTAL	6,261	6,089

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 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 of the Board of Directors. 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, etc.), subject to limitations imposed by the French decree no. 2007-243 of February 23, 2007 and its amendment by 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 August 31, 2017, for the scope of end-of-lifecycle obligations, the legal entities that make up New AREVA 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 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>	August 31, 2017	December 31, 2016
In market value or liquidation value		
Publicly traded shares	991	1,098
Equity investment funds	1,368	1,197
Bond and money market mutual funds	2,442	2,342
Unlisted mutual funds	128	112
At amortized cost		
Bonds and bond mutual funds held to maturity	550	561
Portfolio of securities earmarked for end-of-lifecycle operations	5,479	5,310
Receivables related to end-of-lifecycle operations	782	779
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	6,261	6,089

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
By region		
Eurozone	5,834	5,536
Non-euro Europe	345	471
Other	82	82
TOTAL	6,261	6,089

Financial assets held as securities or mutual funds represent 88% of all earmarked assets at August 31, 2017. They are classified as follows: 40% equity, 48% bonds and money-market instruments and 12% 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 August 31, 2017) 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 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 that a debt in an amount equal to New AREVA's receivable, i.e. 16 million euros, was recognized in the CEA's accounts for the year ended December 31, 2016. In addition, 25 million euros for advance payments to be received from a third party were recorded as at August 31, 2017.

Performance of financial assets earmarked for end-of-lifecycle operations by asset class(*)

Asset class	August 31, 2017 (**)	December 31, 2016 (**)
Shares	+ 7.4%	+ 1.4%
Rate products (including receivables related to end-of-lifecycle operations)	+ 1.5%	+ 3.2%
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	+3.7%	+2.4%

(*) 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.

(**) Performance is observed over the reporting period (or the first eight months of 2007 and 12 months in 2016).

Including interest on receivables used to determine the performance of rate instruments, the overall performance of earmarked assets would be +3.7% for the first eight months of 2017.

Risk description and assessment

Equity investments in the portfolio of earmarked securities include mainly:

- a mandate of publicly-traded shares, which includes about 30 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 exposure rules, depending on the objectives of the fund involved: including limits on the amounts invested in certain stocks or as a 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.

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 made 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 (August 31, 2017)

(in millions of euros)

Assumption: declining equity markets and rising interest rates

-10% on equities	-249
+100 basis points on rates	-66
TOTAL	-315

Assumption: rising equity markets and declining interest rates

+10% on equities	+249
-100 basis points on rates	+66
TOTAL	+ 315

Note 13 – INFORMATION ON JOINT VENTURES AND ASSOCIATES

ASSETS

At August 31, 2017, stock in joint ventures consisted mainly of Cominak in the amount of 12 million euros (versus 17 million euros at December 31, 2016).

LIABILITIES

At August 31, 2017, the share of the negative net worth of the joint-venture ETC was 47 million euros (versus 63 million euros at December 31, 2016.)

NET INCOME

For the period ended August 31, 2017 (8 months), the share of net income in the principal joint ventures breaks down as follows:

- (5) million euros for Cominak (versus 4 million euros in 2016);
- 15 million euros for ETC (versus 6 million euros in 2016);
- (1) million euros for SI-nerGIE.

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>	August 31, 2017
	SI-nerGIE (*)
Country	France
% held	50%
Revenue	0
EBITDA	0
Net income	(2)
Including increases to amortization and depreciation	(3)
Including interest income / expense	-
Including tax income / expense	-
Other items of comprehensive income	-
Comprehensive income	(2)
Current assets	179
Including cash and cash equivalents	-
Non-current assets	36
Current liabilities	213
Including current financial liabilities	81
Non-current liabilities	-
Including non-current financial liabilities	-
Net assets	2
Share of net equity before eliminations at the beginning of the year	0
Share of comprehensive income	(1)
Share of dividend distributions	
Other changes	
Share of net equity before eliminations at the end of the year	1
Goodwill and consolidation entries	
Investments in joint ventures at year-end closing	1

* see Note 2

Note 14 - OTHER NON-CURRENT ASSETS

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Available-for-sale securities	34	45
Derivatives on financing activities	57	49
Other	48	41
Total	139	135

Note 15 – INVENTORIES AND WORK IN PROCESS

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Raw materials and other supplies	405	314
Goods in process	61	57
Services in process	1,094	962
Finished goods	388	365
Total gross amount	1,948	1,697
Provisions for impairment	(503)	(436)
Total net carrying amount	1,445	1,261
Inventories and work-in-process		
at cost	1,246	1,034
at fair value net of disposal expenses	196	227
	1,445	1,261

At August 31, 2017, impairment on inventory and work-in-progress was recognized at 61 million euros. It results from the decline in the market price indicators of separative work units (SWUs) and the adverse effect of the weakening of the U.S. dollar.

Note 16 – TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Gross amount	1,018	844
Impairment	(4)	(4)
Net carrying amount	1,014	841

At August 31, 2017 trade accounts receivable and related accounts included receivables on contracts recognized according to the percentage of completion method in the amount of 130 million euros (versus 102 million euros at December 31, 2016).

At August 31, 2017 the gross value of trade accounts receivable and related accounts (excluding contracts recognized using the percentage of completion method) includes 1 million euros of receivables maturing in more than one year.

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
At August 31, 2017	888	730	4	84	30	1	5	5	29
December 31, 2016	742	672	3	18	10	6	4	5	25

* excluding accounts receivable on contracts recognized according to the percentage of completion method.

Note 17 - OTHER OPERATING RECEIVABLES

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
French State	248	261
Advances and down payments to suppliers	33	32
Miscellaneous accounts receivable	216	315
Financial instruments	149	45
Other	6	7
Other operating receivables	653	661

"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 do not include receivables maturing in more than one year.

Note 18 – CASH AND CASH EQUIVALENTS

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Cash and current accounts	538	1,403
Cash equivalents	2,966	30
Total	3,504	1,434

The increase in cash and cash equivalents was due to:

- funds from the capital increase reserved for the French State in the amount of 2.5 billion euros (see Notes 1.1 and 19);
- the repayment by AREVA SA to New AREVA Holding of the majority of its current accounts; and
- the liquidity used by cash-pooled subsidiaries.

At August 31, 2017 the Group's unavailable cash amounted to 43 million euros (versus 67 million euros at December 31, 2016), chiefly related to foreign legal restrictions (12 million euros) and regulatory restrictions (30 million euros).

Note 19 - EQUITY

Capital

At August 31, 2017 the equity of New AREVA Holding was 55.56% owned by the Agence des Participations de l'Etat (APE - the French state-owned enterprise agency) and 44.44% by AREVA SA.

Stock option plan

There is no stock option plan.

Other transactions with shareholders

At August 31, 2017, the transactions with shareholders referred mainly to the capital increase of new AREVA Holding subscribed by the State for 2.5 billion euros (see Note 1.1).

2016, 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 negative total net impact on equity of (195) million euros.

In addition, New AREVA bought back part of the minority interests of SET Holding and of Eurodif (see Note 2), with a negative impact of (121) million euros on equity.

Transactions with companies under joint control

At August 31, 2017, transactions with the companies under joint control amounting to (85) million euros were mainly attributable to the acquisition of AREVA Projects.

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.

Note 20 - MINORITY INTERESTS

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
KATCO	80	109
SET and SET Holding	83	82
SOMAÏR	67	68
IMOURAREN (*)	(420)	(285)
SOFIDIF	18	18
Other	(32)	(32)
Total	(204)	(40)

(*) Imouraren is held by ANC Expansion, which is itself held by CFMM.

New AREVA believes it has an implicit obligation to ensure the continuity of operation of Eurodif and its subsidiaries; consequently, New AREVA recognizes all of the income and negative net equity of these companies in "net income attributable to equity owners of the parent" and in "equity attributable to owners of the parent".

A subsidiary is considered to be significant if its revenue or balance sheet total is more than 200 million euros. Financial information on significant subsidiaries, required under IFRS 12, is presented before elimination of intercompany transactions.

August 31, 2017

<i>(in millions of euros)</i>	IMOURAREN	SOMAÏR	KATCO	SET
	Mining	Mining	Mining	Front End
Country	Niger	Niger	Kazakhstan	France
Minority interests	(*)	36.60%	49.00%	5.00%
Revenue	-	83	109	275
EBITDA	(3)	26	61	225
Net income	(317)	(11)	25	(8)
Share attributable to minority interests	(134)	(4)	12	(0)
Current assets	5	141	73	643
Non-current assets	1,140	168	161	5,244
Current liabilities	(228)	(64)	(39)	(928)
Non-current liabilities	(2,077)	(61)	(24)	(3,199)
Net assets	(1,161)	183	170	1,761
Share attributable to minority interests	(447)	67	84	88
Cash flow from operating activities	(31)	19	62	183
Cash flow from investing activities	1	(16)	(21)	17
Cash flow from financing activities	33	-	(59)	(182)
Increase (decrease) in net cash	3	4	(24)	18
Dividends paid to minority interests	-	-	(21)	(1)

(*) Imouraren is held directly by AREVA Expansion, whose purpose is the financing of its subsidiary. The data presented for Imouraren and AREVA Expansion are aggregated. The non-controlling interests share of Imouraren represents 42.34%, that in AREVA Expansion 13.49%.

December 31, 2016

<i>(in millions of euros)</i>	IMOURAREN	SOMAÏR	KATCO	SET
	Mining	Mining	Mining	Front End
Country	Niger	Niger	Kazakhstan	France
Minority interests	(*)	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)

Note 21 – EMPLOYEE BENEFITS

Depending on the prevailing laws and practices of each country, the Group's companies make severance payments to their retiring employees. 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.

The Group calls on independent actuaries for a valuation of its commitments each year.

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.

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 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 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 for former employees during the retirement period is still in effect in some companies in France.

PROVISIONS RECOGNIZED ON THE BALANCE SHEET

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
TOTAL PROVISIONS FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	1,358	1,402
Medical expenses and accident/disability insurance	329	337
Retirement benefits	313	305
Job-related awards	7	7
Early retirement benefits	701	752
Supplemental retirement benefits	8	1

By region

<i>(in millions of euros)</i>	Eurozone	Other	TOTAL
Medical expenses and accident/disability insurance	328	1	329
Retirement benefits	303	10	313
Job-related awards	7		7
Early retirement benefits	701		701
Supplemental retirement benefits	3	4	7
Total	1,343	15	1,358

ACTUARIAL ASSUMPTIONS

Key actuarial assumptions used for valuation purposes

	August 31, 2017	December 31, 2016
Long-term inflation		
- Eurozone	1.5%	1.5%
Discount rate		
- Eurozone	1.5%	1.5%
Pension benefit increases		
- Eurozone	1.5%	1.5%
Social security ceiling increase (net of inflation)	+0.5%	+0.5%

Mortality tables

	August 31, 2017	December 31, 2016
France		
- Annuities	Generation table	Generation table
- Lump sum payments	INSEE Men/Women 2000-2002	INSEE Men/Women 2000-2002
Germany	RT2005G	RT2005G

Retirement age in France

	August 31, 2017	December 31, 2016
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	
	August 31, 2017	December 31, 2016	August 31, 2017	December 31, 2016
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	
	August 31, 2017	December 31, 2016	August 31, 2017	December 31, 2016
France	[2.6%; -1.1%]	[2.6% ; -1.1%]	[2.6%; -1.1%]	[2.6% ; -1.1%]
Germany	0.5%	3%	0.5%	3%

FINANCIAL ASSETS

At August 31, 2017, financial assets consisted 88% of bonds (unchanged from December 31, 2016) and 12% of other monetary instruments (unchanged from December 31, 2016).

Effective return on plan assets

	August 31, 2017	December 31, 2016
Europe	0.6%	2.11%
United States	-	-

NET AMOUNT RECOGNIZED

At August 31, 2017 (in millions of euros)	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation	329	314	7	785	53	1,488
Fair value of plan assets		1		84	45	130
Total defined benefit obligation	329	313	7	701	8	1,358

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 6.2%.

EXPENSE FOR THE YEAR

August 31, 2017 (8 months) <i>(in millions of euros)</i>	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Current service cost	5	11	0	12	0	29
Interest cost	4	3	0	8	1	16
Past service costs (including plan changes and reductions)	(5)	(1)	0	(1)	0	(6)
Interest income on assets	0	0	0	(1)	0	(1)
Recognition of actuarial gains and losses generated during the year on other long-term plans (long service medals, CATS, etc.)	0	0	(1)	0	0	(1)
TOTAL expense with income statement impact	4	14	0	18	0	36
Actuarial gains and losses on earmarked assets	0	1	0	3	1	5
Experience differences	(7)	(10)	0	(21)	1	(36)
Demographic assumption differences	(1)	(1)	0	0	0	(2)
Financial assumption differences (adjustment of discount rate)	0	0	0	0	0	(1)
TOTAL expense with impact on other comprehensive income items	(8)	(10)	0	(18)	2	(34)
Total expense for the year	(4)	4	(1)	0	2	2

CHANGE IN THE DEFINED BENEFIT OBLIGATION

At August 31, 2017 <i>(in millions of euros)</i>	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation at December 31, 2016	337	317	6	840	35	1,535
Current service cost	5	11	0	12	0	29
Past service costs (including plan changes and reductions)	(5)	(1)	0	(1)	0	(6)
Plan transfer	0	0	0	0	0	0
Disposals/Liquidation/Plan reductions	0	0	0	0	0	0
Cost escalation	4	3	0	8	1	16
Mergers, acquisitions, transfers	2	15	1	0	17	35
Demographic assumption differences	(1)	(1)	0	0	0	(2)
Employee contributions	0	0	0	0	0	0
Benefits paid during the year	(6)	(20)	0	(54)	(2)	(81)
Actuarial gains and losses	(7)	(10)	(1)	(2)	1	(37)
Currency translation adjustments	0	0	0	0	0	(1)
DBO AT AUGUST 31, 2017	329	314	7	785	53	1,488

CHANGES IN PLAN ASSETS

<i>(in millions of euros)</i>	
Value at December 31, 2016	134
Interest income on assets	1
Benefits paid by earmarked assets	(13)
Effect of mergers/acquisitions/transfers between entities	12
Actual yield on assets net of expected yield	(5)
Value at August 31, 2017	130

CHANGE IN PROVISION BY THE GROUP'S ACTUARIES

<i>(in millions of euros)</i>	
Balance at December 31, 2016	1,402
Currency translation adjustment	(1)
Change in consolidated group	24
Total expense	2
Contributions collected/benefits paid	(69)
BALANCE RECORDED AT AUGUST 31, 2017	1,358

Note 22 – OTHER PROVISIONS

<i>(in millions of euros)</i>	December 31, 2016	Charges	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Other changes (*)	August 31, 2017
Restoration of mining sites and decommissioning of treatment facilities	254	3	(5)		9	262
Non-current provisions	254	3	(5)		9	262
Restructuring and layoff plans	169	22	(54)		15	153
Provisions for ongoing cleanup	17				4	21
Provisions for losses at completion	106	21	(2)	(64)	(0)	61
Accrued costs	1,168	47	(34)		29	1,210
Other provisions	272	42	(19)	(45)	4	255
Current provisions	1,733	133	(109)	(109)	52	1,700
Total provisions	1,987	136	(114)	(109)	61	1,962

(*) including 40 million euros of unwinding

OTHER CURRENT PROVISIONS

At August 31, 2017 other current provisions include:

- provisions for disputes;
- provisions for customer guarantees;
- provisions for tax risks;
- provisions for charges;

Contract for supplies and services with ETC

In December 2015, a provision for onerous contract of 40 million euros was established by SET following the signing in September 2014 of the "6k CSA" agreement between ETC and SET. This contract fixed the minimum purchases of supplies and services of centrifuges that each customer committed to buy from ETC, enabling it to retain centrifuge production, assembly, installation and maintenance skills at ETC.

In June 2017, a new agreement was signed for the 2017-2024 period, decreasing these 'take or pay' purchases for SET. As a result of this renegotiation, SET recognized a provision reversal of 12 million euros based on the observed costs incurred in the 6k CSA contract at August 31 as well as a provision reversal of 17 million due to the favorable effect of the renegotiation. At the same time, SET wrote off 12 million euros of property, plant and equipment in progress, reflecting the costs incurred to date.

Note 23 – BORROWINGS

<i>(in millions of euros)</i>	Non-current liabilities	Current borrowings	August 31, 2017	December 31, 2016
Interest-bearing advances	147	-	147	143
Borrowings from lending institutions and commercial paper	465	74	539	564
Bond issues (*)	4,126	933	5,060	5,006
Short-term bank facilities and non-trade current accounts (credit balances)	-	54	54	53
Financial derivatives	5	40	45	49
Miscellaneous borrowings	61	-	61	59
Total	4,804	1,102	5,906	5,873

(*) after hedging of the interest rate risk

At August 31, 2017, borrowings included in particular:

- bond debt outstanding in the carrying amount of 4,924 million euros;
- an amortizable syndicated loan from 10 banks maturing in 2024 in the amount of 527 million euros (initial amount of 650 million euros);
- a financial current account credit balance for the ETC joint venture in the amount of 43 million euros.

Borrowings by maturity, currency and type of interest rate break down as follows:

<i>(in millions of euros)</i>	August 31, 2017
Maturing in one year or less	1,102
Maturing in 1-2 years	118
Maturing in 2-3 years	842
Maturing in 3-4 years	1,373
Maturing in 4-5 years	288
Maturing in more than 5 years	2,184
TOTAL	5,906

<i>(in millions of euros)</i>	August 31, 2017
Euro	5,799
US dollar	5
Yen	61
Other	40
TOTAL	5,906

<i>(in millions of euros)</i>	August 31, 2017
Fixed rate borrowings	4,820
Floating rate borrowings	900
TOTAL	5,720
Other non-interest-bearing debt	142
Financial derivatives	45
TOTAL	5,906

The maturities of the Group's financial assets and borrowings at August 31, 2017 are presented in Note 28.

Bond issues after hedging

<i>Issue date</i>	Balance sheet value (in millions of euros)	Currency	Nominal amount (in millions of currency units)	Nominal rate	Term / Expiration
September 23, 2009	1,028	EUR	1,000	4.875 %	September 2024
November 6, 2009	764	EUR	750	4.375 %	November 2019
September 22, 2010	765	EUR	750	3.5 %	March 2021
October 5, 2011	398	EUR	398	4.625 %	October 2017
March 14, 2012	400	EUR	400	4.625 %	October 2017
April 4, 2012	199	EUR	200	TEC10 + 2.125%	March 2022
September 4, 2013	525	EUR	500	3.25 %	September 2020
September 20, 2013	61	JPY	8,000	1.156%	September 2018
March 20, 2014	785	EUR	750	3.125 %	March 2023
TOTAL	4,924				

The fair value of these bond issues was 5,184 million euros at August 31, 2017.

Guarantees and covenants

As security, AREVA SA has committed, for New AREVA Holding's benefit, to guaranteeing the redemption of all bond issues contributed to New AREVA Holding and to guaranteeing the derivatives transferred to New AREVA Holding with banking counterparties, due to the restructuring of the AREVA Group. At August 31, 2017, the carrying amount of New AREVA Holding's bond debt was 4,924 million euros.

These guarantees will end once the New Areva Holding capital increase reserved for JNFL and MHI has been carried out in the amount of 500 million euros or, for the guarantee concerning the bond issues, once they have been redeemed.

Banking covenants

The redeemable syndicated loan in the amount of 527 million euros at August 31, 2017 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. The construction period ended on September 30, 2017, and the financial covenants will take effect from that date forward.

Payment schedule at August 31, 2017

<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	147	147	-	-	-	-	-	147
Borrowings from lending institutions and commercial paper	665	665	200	56	74	76	84	176
Bond issues	4,934	4,934	808	61	764	1,290	199	1,812
Short-term bank facilities and non-trade current accounts (credit balances)	54	54	54	-	-	-	-	-
Miscellaneous borrowings	61	61	-	1	4	7	5	44
Future interest on financial liabilities	-	989	195	147	147	114	76	310
Total borrowings (excluding derivatives)	5,861	6,851	1,257	265	989	1,486	364	2,489
Derivatives – assets	(72)	(72)	-	-	-	-	-	-
Derivatives – liabilities	46	46	-	-	-	-	-	-
Total net derivatives	(26)	(26)	7	13	(19)	(15)	5	(16)
Total	5,835	6,824	1,264	278	970	1,471	359	2,473

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

Note 24 - ADVANCES AND PREPAYMENTS

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Advances and prepayments on orders	1,953	1,903
Customer advances and prepayments invested in non-current assets	972	991
Total	2,924	2,894

This account comprises 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.

At August 31, 2017, advances and prepayments included 2,518 million euros maturing in more than one year.

Note 25 - OTHER OPERATING LIABILITIES

<i>(in millions of euros)</i>	August 31, 2017	December 31, 2016
Tax debt (excluding corporate income tax)	406	342
Social security liabilities	458	422
Financial instruments	59	223
Unearned income	537	507
Other	316	345
Other operating liabilities	1,776	1,839

At August 31, 2017 other operating liabilities included 512 million euros maturing in more than one year.

Note 26 – CASH FROM OPERATING ACTIVITIES**Change in working capital requirement**

<i>(in millions of euros)</i>	August 31, 2017 (8 months)	December 31, 2016 (12 months)
Change in inventories and work-in-process	(183)	(54)
Change in accounts receivable and other receivables	(81)	(33)
Change in accounts payable and other liabilities	173	(88)
Change in trade advances and prepayments received	34	72
Change in advances and prepayments made	(1)	2
Change in Forex hedge of WCR	(21)	(31)
Change in other non-current non-financial assets	0	(8)
TOTAL	(79)	(139)

Note 27 - 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.

At August 31, 2017

<i>(in millions of euros)</i>	CEA	AREVA SA	Rest of AREVA group	Total
Operating income	126	4	115	245
Operating expenses	10	10	23	43
Trade accounts receivable and other	751	81	69	901
Trade accounts payable and other	211	28	61	300

December 31, 2016

<i>(in millions of euros)</i>	CEA	AREVA SA	Rest of AREVA group	Total
Operating income	228	197	218	643
Operating expenses	51	166	141	358
Trade accounts receivable and other	900	1,457	101	2,458
Trade accounts payable and other	176	200	143	519

Transactions with the CEA pertain to the dismantling work on the CEA's nuclear facilities and design engineering services.

New AREVA 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 Group has a treatment/recycling framework agreement known as the "ATR Contract" with EDF, which specifies the treatment/recycling cooperation between them until 2040. Under this Agreement, in February 2016 New AREVA and EDF signed a new implementation contract defining the technical and financial conditions for the transport, treatment and recycling of spent fuel by New AREVA for the benefit of the EDF for the period 2016-2023.

The AREVA SA company invoices a brand fee, rents and associated services each year to the companies included in the consolidation scope.

New AREVA is buying the centrifuges of its new enrichment plant Georges Besse 2 from ETC; ETC also maintains this plant. For the 8-month period ended August 31, 2017, New AREVA's fixed asset purchases from ETC amounted to 7 million euros.

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 and in office until July 26, 2017 did not receive any compensation for their directorship. They had an employment contract with a subsidiary of the Company in connection with their functions and received compensation in relation thereto, without any link to their directorship within the Company.

The compensation paid to the Chairman of the Board and the Chief Executive Officer of the Group since the change in governance in July 2017 amounts to 0.07 million euros.

Note 28 – FINANCIAL INSTRUMENTS

New AREVA uses financial derivatives to manage its exposure to foreign exchange risk and interest rate risk. These instruments are generally qualified as hedges of assets, liabilities or specific commitments.

New AREVA manages all risks associated with these instruments by centralizing the commitments and implementing procedures that specify the limits and characteristics of the counterparties.

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 does not hedge the risk of translation into euros of financial statements of subsidiaries that use a currency other than the euro, to the extent that this risk does not result in a flow. 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 issued in foreign currencies. 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/U.S. dollar exchange rate. The 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.

New AREVA 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 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).

As security, AREVA SA has committed to guaranteeing the derivatives of New AREVA Holding with banking counterparties, for the benefit of New AREVA Holding. This guarantee will end once the New AREVA Holding 500 million euro capital increase reserved for JNFL and MHI has been carried out.

Financial derivatives set up to hedge foreign exchange risk at August 31, 2017

<i>(in millions of euros)</i>	Notional amounts by maturity date						Total	Market value
	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years		
Forward exchange transactions and currency swaps	1,950	724	343	121			3,137	94
Currency options	25						25	(2)
Cross-currency swaps	60	61	301				422	22
TOTAL	2,035	785	644	121	0	0	3,584	114

At August 31, 2017, financial derivatives used to hedge foreign currency exposure broke down by type of hedging strategy as follows:

<i>(in millions of euros)</i>	Nominal amounts in absolute value	Market value
Derivatives related to cash flow hedging strategies (CFH)	2,510	78
Forward exchange transactions and currency swaps	2,510	78
Derivatives related to fair value hedging strategies (FVH)	115	4
Forward exchange transactions and currency swaps	115	4
Derivatives not eligible for hedge accounting	960	32
Forward exchange transactions and currency swaps	513	12
Currency options	25	(2)
Cross-currency swaps	422	22
TOTAL	3,584	114

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 is managed to optimize financial returns while ensuring that the financial instruments used are liquid.

COUNTERPARTY RISK

New AREVA is exposed to the credit risk of counterparties linked to its use of derivatives to cover its risks.

To minimize this risk, New AREVA 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.

INTEREST RATE RISK

Financial derivatives set up to hedge interest rate risk at August 31, 2017

<i>(in millions of euros)</i>	Notional amounts by maturity date							Market value
	Total	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	
Interest rate swaps								
– variable lender –								
EUR								
<i>EUR fixed borrower</i>	200	0	0	0	0	200	0	-4
Interest rate swaps								
– variable lender –								
EUR								
<i>EUR variable borrower</i>	100	0	0	0	0	100	0	0
<i>CAD variable borrower</i>	382	64	0	318	0	0	0	1
Interest rate swaps								
– fixed lender –								
EUR								
<i>EUR variable borrower</i>	550	0	50	150	150	0	200	37
Interest rate swaps								
– JPY fixed lender								
<i>EUR variable borrower</i>	61	0	61	0	0	0	0	0
Inflation rate swaps								
<i>USD variable lender - fixed borrower</i>	148			148				-30
TOTAL	1,441	64	111	616	150	300	200	4

Derivative interest rate financial instruments break down at August 31, 2017 by type of hedging strategy as follows:

	Market value of contracts	Market value of contracts ⁽¹⁾			Total
		Cash flow hedges (CFH)	Fair value hedges (FVH)	Not formally documented (Trading)	
<i>(in millions of euros)</i>					
Interest rate swaps – variable lender – EUR					
<i>EUR fixed borrower</i>	200			(4)	(4)
Interest rate swaps – variable lender – EUR					
<i>EUR variable borrower</i>	100			(0)	(0)
<i>CAD variable borrower</i>	382			1	1
Interest rate swaps – fixed lender – EUR					
<i>EUR variable borrower</i>	550		37		37
Interest rate swaps – JPY fixed lender					
<i>EUR variable borrower</i>	61			(0)	(0)
Inflation rate swaps – variable lender – USD					
<i>USD fixed borrower</i>	148			(30)	(30)
TOTAL	1,441	0	37	(33)	4

(1) Gain/(loss)

The following tables summarize the Group's net exposure to interest rate risk, before and after rate management transactions, at August 31, 2017 and December 31, 2016.

Maturities of the Group's financial assets and borrowings at August 31, 2017

<i>(in millions of euros)</i>	Less than 1 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	3,575	0	0	0	0	0	3,575
including fixed rate assets	24						24
including floating rate assets	3,511						3,511
including non-interest-bearing assets	41						41
Borrowings	(1,102)	(118)	(842)	(1,373)	(288)	(2,184)	(5,906)
including fixed rate borrowings	(767)	3	(764)	(1,290)	0	(1,962)	(4,780)
including floating rate borrowings	(78)	(120)	(78)	(82)	(288)	(217)	(864)
including non-interest-bearing borrowings	(258)	0	0	0	0	(5)	(262)
Net exposure before hedging	2,473	(118)	(842)	(1,373)	(288)	(2,184)	(2,331)
share exposed to fixed rates	(743)	3	(764)	(1,290)	0	(1,962)	(4,756)
share exposed to floating rates	3,433	(120)	(78)	(82)	(288)	(217)	2,647
non-interest-bearing share	(217)	0	0	0	0	(5)	(222)
Off-balance sheet hedging							
on borrowings: fixed rate swaps			50	300	(200)	200	350
on borrowings: floating rate swaps			(50)	(300)	200	(200)	(350)
Net exposure after hedging	2,473	(118)	(842)	(1,373)	(288)	(2,184)	(2,331)
share exposed to fixed rates	(743)	3	(714)	(990)	(200)	(1,762)	(4,406)
share exposed to floating rates	3,433	(120)	(128)	(382)	(88)	(417)	2,297
non-interest-bearing share	(217)	0	0	0	0	(5)	(222)

On the basis of the exposure at the end of August 2017, a rise in interest rates of 1%, over a full year, would have a favorable impact of -23 million euros on the cost of net financial debt and therefore on the Group's pre-tax consolidated earnings.

Maturities of the Group's financial assets and borrowings at December 31, 2016

<i>(in millions of euros)</i>	Less than 1 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	0	0	0	0	0
including floating rate assets	1,434	0	0	0	0	0	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)	0	0	0	0	(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)

EQUITY RISK

The Group holds a significant amount of publicly traded shares and is exposed to fluctuations 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 12).

On a full year, a change in the equity markets of +10% would have an impact on available-for-sale securities of +249 million euros in shareholders' equity with no impact on earnings. A change of -10% would have an impact of -249 million euros on shareholders' equity with no impact on earnings.

Note 29 - ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

August 31, 2017

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	6,400	23	858		4,913	550	57	6,512
Assets earmarked for end-of-lifecycle operations	6,261		833		4,879	550		6,396
Other non-current assets	139	23	25		34		57	116
Current assets	5,252	615	1,512	2,966			159	4,637
Trade accounts receivable and related accounts	1,014	130	884					884
Other operating receivables	653	434	73				145	219
Other non-operating receivables	68	51	16					16
Cash and cash equivalents	3,504		538		2,966			3,504
Other current financial assets	14						14	14
Total assets	11,652	638	2,370	2,966	4,913	550	216	11,149

	Level 1 Listed prices, unadjusted	Level 2 Observable data	Level 3 Non-observable data	TOTAL
Non-current assets	5,309	339	7	5,654
Assets earmarked for end-of-lifecycle operations	5,309	254		5,563
Other non-current financial assets		85	7	91
Current assets	2,966	159		3,125
Other operating receivables		145		145
Cash and cash equivalents	2,966			2,966
Other current financial assets		14		14
Total assets	8,275	498	7	8,779

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	Derivatives (*)	Fair value of financial assets
Non-current liabilities	4,804		4,799		5	4,976
Long-term borrowings	4,804		4,799		5	4,976
Current liabilities	3,536	954	2,518		65	2,593
Short-term borrowings	1,102		1,062		40	1,113
Trade accounts payable and related accounts	587		587			587
Other operating liabilities	1,776	953	798		25	823
Other non-operating liabilities	71	1	70			70
Total liabilities	8,340	954	7,316		69	7,569

(*) Level 2

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	6,224	22	798		4,793	561	49	6,341
Assets earmarked for end-of-lifecycle operations	6,089		779		4,749	561		6,228
Other non-current assets	135	22	20		45		49	114
Current assets	2,999	573	2,360	30			36	2,426
Trade accounts receivable and related accounts	841	102	738					738
Other operating receivables	661	416	210				34	245
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
Total assets	9,223	595	3,158	30	4,793	561	85	8,767

	Level 1 Listed prices, unadjusted	Level 2 Observable data	Level 3 Non- observable data	TOTAL
Non-current assets	5,448	79	16	5,543
Assets earmarked for end-of-lifecycle operations	5,449			5,449
Other non-current financial assets		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

Liabilities and equity

Including

<i>(in millions of euros)</i>	Value on the balance sheet	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
Non-current liabilities	4,851		4,844			7	4,751
Long-term borrowings	4,851		4,844			7	4,751
Current liabilities	3,552	865	2,462			225	2,710
Short-term borrowings	1,022		981			42	1,045
Trade accounts payable and related accounts	619		619				619
Other operating liabilities	1,839	859	796			183	980
Other non-operating liabilities	72	6	66				66
Total liabilities and equity	8,403	865	7,306			232	7,461

(*) Level 2

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Available-for-sale securities

August 31, 2017

<i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation		Gain (loss) from disposal
			Changes in fair value and foreign exchange impact	Impairment	
Shareholders' equity *			38		(168)
Net income	113			(2)	253
Total	113	-	38	(2)	85

* : excluding tax impact

At August 31, 2017, 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 192 million euros.

2016

<i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation		Gain (loss) from disposal
			Changes in fair value and foreign exchange impact	Impairment	
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.

Loans and receivables

August 31, 2017

<i>(in millions of euros)</i>	Interest	Impairment	Debt forgiveness
Net income	35	2	(1)

2016

<i>(in millions of euros)</i>	Interest	Impairment	Debt forgiveness
Net income	27	10	(1)

Financial assets and liabilities at fair value recognized through profit or loss

There was no income from financial assets and liabilities recognized at fair value through profit and loss at August 31, 2017, unchanged from December 31, 2016.

Financial liabilities at amortized cost
August 31, 2017

<i>(in millions of euros)</i>	Interest expense and commissions	Other income and expenses
Net income	(150)	0

2016

<i>(in millions of euros)</i>	Interest expense and commissions	Other income and expenses
Net income	(187)	0

Cash flow hedges

<i>(in millions of euros)</i>	Value before tax at December 31, 2016	New transaction s	Change in value	Recognize d in profit or loss	Value before tax at August 31, 2017
Cash flow hedging instruments	(140)	28	200	23	110

Lasting impairment of available-for-sale securities

<i>(in millions of euros)</i>	Amount at December 31, 2016	Charges	Reversal of depreciation on disposals	Translation differences	Other changes	Value before tax at August 31, 2017
Earmarked funds	(127)	(0)	20			(108)
Other available-for- sale securities	(29)					(29)
TOTAL	(156)	(0)	20			(137)

Unrealized capital losses on available-for-sale securities not recognized through profit and loss

<i>(in millions of euros)</i>	Unrealized capital losses at August 31, 2017	Including maturity in less than 1 year	Including maturity 1 to 2 years
Mandate	25	10	15
Bond funds	13	6	7
TOTAL	38	17	21

Note 30 – OFF-BALANCE-SHEET COMMITMENTS

<i>(in millions of euros)</i>	August 31, 2017	<i>Under 1 year</i>	<i>1 to 5 years</i>	<i>More than 5 years</i>	December 31, 2016
COMMITMENTS GIVEN	340	112	205	23	289
Operating commitments given	306	93	200	14	276
• <i>Contract guarantees given</i>	281	78	189	14	261
• <i>Other guarantees and guarantees related to operating activities</i>	26	15	11	-	15
Commitments given on financing	11	9	2	-	7
Other commitments given	23	10	4	9	5
COMMITMENTS RECEIVED	117	32	80	5	111
Operating commitments received	116	31	80	5	110
Commitments received on collateral	-	-	-	-	-
Other commitments received	1	0	1	-	1
RECIPROCAL COMMITMENTS	353	130	223	-	306

NOTE 31 – DISPUTES AND CONTINGENT LIABILITIES

New AREVA is involved in certain regulatory, judicial or arbitration proceedings as part of the normal course of business. The Group is also the subject of certain claims, lawsuits or regulatory proceedings which go beyond the ordinary course of business. The most significant are summarized below.

GADOULLET

On October 6, 2016, Mr. Jean-Marc Gadoullet summoned AREVA SA and AREVA NC before the Tribunal de Grande Instance of Nanterre, in order to obtain payment of compensation he claims is due in respect of services supposedly rendered to the AREVA Group in Niger between September 2010 and October 2013. AREVA SA and AREVA NC believe that the claims of Mr. Gadoullet are unfounded and have challenged in limine the jurisdiction of the Tribunal de Grande Instance in this matter. The court's decision on this procedural motion is expected in the first quarter of 2018.

MISCELLANEOUS INVESTIGATIONS

The company is also aware of the existence of possible preliminary investigations in progress conducted by the French financial prosecutor's office. These investigations are being carried out in connection with legal proceedings against parties unknown; New AREVA Holding is not currently implicated.

NOTE 32 - AUDITORS' FEES

August 31, 2017 (8 months)

<i>(in thousands of euros)</i>	Ernst & Young		Mazars	
	Amount excl. tax	%	Amount excl. tax	%
Independent audit, certification & examination of the separate and consolidated financial statements				
Issuer	400	38%	450	32%
Fully consolidated subsidiaries	568	54%	884	63%
Subtotal	968	92%	1,334	96%
Services other than auditing the financial statements				
Issuer	40	4%	26	2%
Fully consolidated subsidiaries	45	4%	37	3%
Subtotal	84	8%	63	4%
TOTAL	1,052	100%	1,397	100%

Services other than auditing the financial statements mainly concern:

- work conducted as part of the capital increase reserved for the French State;
- the review of environmental, social and societal information;
- other certifications.

NOTE 33 – EVENTS SUBSEQUENT TO CLOSING AT AUGUST 31, 2017

No events subsequent to the balance sheet date have been identified as likely to have a significant impact on the Group's financial statements.

NOTE 34 - TRANSITION FROM THE REPORTED 2016 FINANCIAL STATEMENTS TO THE RESTATED 2016 FINANCIAL STATEMENTS AFTER APPLICATION OF IAS 8

Transition from reported income statement to restated income statement

<i>(in millions of euros)</i>	2016 Reported	<i>IAS 8</i>	2016 Restated
REVENUE	4,401		4,401
Other income from operations	3		3
Cost of sales	(3,444)	10	(3,434)
GROSS MARGIN	961	10	971
Research and development expenses	(90)		(90)
Marketing and sales expenses	(37)		(37)
General and administrative expenses	(59)		(59)
Other operating expenses	(393)		(393)
Other operating income	22		22
OPERATING INCOME	405	10	415
Share in net income of joint ventures and associates	10		10
Operating income after share in net income of joint ventures and associates	415	10	425
Income from cash and cash equivalents	9		9
Gross borrowing costs	(228)		(228)
Net borrowing costs	(219)		(219)
Other financial expenses	(635)		(635)
Other financial income	342		342
Other financial income and expenses	(293)		(293)
NET FINANCIAL INCOME	(512)	-	(512)
Income tax	(332)		(332)
NET INCOME FROM CONTINUING OPERATIONS	(429)	10	(419)
Net income after tax from operations sold, discontinued or held for sale	70		70
NET INCOME	(359)	10	(349)
NET INCOME GROUP SHARE	(249)	10	(239)
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS	(110)		(110)

Transition from Statement of comprehensive income as reported to restated Statement of comprehensive income

<i>(in millions of euros)</i>	2016 Reported	<i>IAS 8</i>	2016 Restated
Net income	(359)	10	(349)
Items not recyclable to the income statement	(95)	30	(64)
Actuarial gains and losses on the employee benefits of consolidated companies	(83)	30	(53)
Income tax related to non-recyclable items	(1)		(1)
Share in non-recyclable items from joint ventures and associates, net of tax	(10)		(10)
Non-recyclable items related to sold, discontinued or held-for-sale operations, net of tax	-		-
Items recyclable to the income statement	70		70
Currency translation adjustments of consolidated companies	145		145
Change in value of available-for-sale financial assets	(162)		(162)
Change in value of cash flow hedges	48		48
Income tax related to recyclable items	39		39
Share in recyclable items from joint ventures and associates, net of tax	-		-
Recyclable items related to sold, discontinued or held-for-sale operations, net of tax	-		-
Total other items of comprehensive income (net of income tax)	(25)	30	5
Comprehensive income	(384)	40	(344)
- Attributable to equity owners of the parent	(323)	40	(283)
- Attributable to minority interests	(61)		(61)

LIABILITIES AND EQUITY

<i>(in millions of euros)</i>	2016 reported	IAS 8	2016 restated
Equity and minority interests	(1,056)	40	(1,016)
Capital	53		53
Consoli-dated premiums and reserves	(1,130)	10	(1,120)
Actuarial gains and losses on employee benefits	(187)	30	(157)
Deferred unrealized gains and losses on financial instruments	136		136
Currency translation reserves	113		113
Equity attributable to owners of the parent	(1,016)	40	(976)
Minority interests	(40)		(40)
Non-current liabilities	14,064	(40)	14,024
Employee benefits	1,442	(40)	1,402
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		4,851
Deferred tax liabilities	113		113
Current liabilities	8,407	-	8,407
Current provisions	1,733		1,733
Short-term borrowings	1,022		1,022
Advances and prepayments received	2,894		2,894
Trade accounts payable and related accounts	619		619
Other operating liabilities	1,839		1,839
Other non-operating liabilities	72		72
Current tax liabilities	213		213
Liabilities and operations held for sale	15		15
Total liabilities and equity	21,414	-	21,414

Transition from reported CF statement to restated CF statement

<i>(in millions of euros)</i>	2016 Reported	IAS 8	2016 Restated
Net income for the period	(359)	10	(349)
Less: net income from operations sold, discontinued or held for sale	(70)		(70)
Net income from continuing operations	(429)	10	(419)
NET CASH FROM OPERATING ACTIVITIES	767		767
NET CASH FLOW FROM INVESTING ACTIVITIES	(514)		(514)
NET CASH FLOW FROM FINANCING ACTIVITIES	(1,542)		(1,542)
NET CASH FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	61		61
CHANGE IN NET CASH	(1,141)		(1,141)
Net cash at the beginning of the period	2,523		2,523
Net cash at the end of the period	1,382		1,382

8.2 Company Financial Statements - Period ended August 31, 2017

NEW AREVA HOLDING

COMPANY FINANCIAL STATEMENTS PERIOD ENDED AUGUST 31, 2017

Note: Tables are generally expressed in thousands of euros. Rounding may in some cases lead to differences in totals or to changes

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STATEMENT OF FINANCIAL POSITION

Assets <i>(in thousands of euros)</i>	Note Appendix	Aug. 2017			Dec. 2016
		Gross	Amortization & write-downs	Net	Net
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		5,455,616	1,194,299	4,261,317	3,009,321
Loans to associates		3,464,226	103,049	3,361,177	2,865,018
Long-term shareholdings in trading portfolio					
Other long-term securities					
Loans					
Other long-term investments		7,061		7,061	7,061
Total long-term investments	5.1./5.2.	8,926,903	1,297,348	7,629,555	5,881,400
Total non-current assets		8,926,903	1,297,348	7,629,555	5,881,400
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		16,888		16,888	
Other accounts receivable		207,534		207,534	229,176
Subscribed capital called for, unpaid					
Total receivables	5.3.	224,422		224,422	229,176
Marketable securities		2,938,619	629	2,937,990	2,426
Cash instruments		21,900		21,900	5,690
Cash and cash equivalents		541,591	5,819	535,772	2,024,931
Total cash and marketable securities	5.5.	3,502,110	6,449	3,495,662	2,033,047
Prepaid expenses		765		765	
Total current assets		3,727,297	6,449	3,720,848	2,262,223
Deferred charges		6,431		6,431	7,762
Bond redemption premiums		11,425		11,425	13,587
Unrealized foreign exchange gains					
TOTAL ASSETS		12,672,056	1,303,797	11,368,259	8,164,973

Shareholders' equity and liabilities <i>(in thousands of euros)</i>	Note Appendix	Aug. 2017	Dec. 2016
Share capital	5.6.	118,869	52,831
Additional paid-in capital, merger premiums, share premiums		3,065,056	630,888
Legal reserve		10,886	10,886
Reserves in accordance with the articles of association			
Other reserves		4,041	4,041
Retained earnings		98,575	(3,058)
Net income for the year		(887,479)	101,633
Investment subsidies			
Tax-driven provisions			
Total shareholders' equity	5.7.	2,409,948	797,220
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		9,911	7,035
Provisions for charges		80	
Total provisions for contingencies and Charges	5.8.	9,991	7,035
Liabilities			
Convertible bond issues			
Other bond issues		4,957,255	4,886,230
Bank borrowings		30	525
Miscellaneous loans and borrowings		3,670,021	2,115,015
Advances and prepayments on orders			
Trade accounts payable and related accounts		43,471	6,166
Taxes and employee-related liabilities		2,937	
Accounts payable on non-current assets and related accounts			
Other liabilities		176,319	239,790
Financial instruments		2,764	2,344
Unearned income		95,521	110,648
Total liabilities	5.9.	8,948,319	7,360,718
Unrealized foreign exchange losses			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		11,368,259	8,164,973

STATEMENT OF INCOME

<i>(in thousands of euros)</i>	Note Appendix	Aug. 2017	Dec. 2016
Operating income			
Sales of goods			
Sales of products			
Services performed		28,593	
Revenue (1)		28,593	
Production in inventory			
Self-constructed assets			
Operating subsidies			
Reversals of provisions, amortization and depreciation			
Transferred expenses			
Other income			
Total operating income		28,593	
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		91,031	113
Taxes and related expenses		205	
Salaries and other compensation		229	
Social security taxes		95	
Amortization, depreciation and provisions		1,411	1,004
Other expenses		11	
Total operating expenses		92,984	1,118
Current operating income	6.1.	(64,391)	(1,118)
Share of net income from joint operations			
Profit allocated or loss transferred			
Loss allocated or profit transferred			
Financial income			
From equity interests		103,226	66,603
From other marketable securities and capitalized receivables			
Other interest and related income		15,147	38,994
Reversals of provisions, amortization and depreciation		20,287	142,336
Transferred expenses			
Foreign exchange gains		138,595	144,286
Net income from disposals of marketable securities			
Total financial income		277,255	392,220
Financial expenses			
Amortization, depreciation and provisions		819,309	9,563
Interest and related expenses		131,212	131,581
Foreign exchange losses		148,083	147,082
Net loss on disposals of marketable securities		2	
Total financial expenses		1,098,606	288,226
NET FINANCIAL INCOME	6.2.	(821,351)	103,993
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		(885,741)	102,876
<i>(1) including direct exports</i>		386	-

STATEMENT OF INCOME (continued)

<i>(in thousands of euros)</i>	Note Appendix	Aug. 2017	Dec. 2016
Exceptional income			
On financial management transactions			
On capital or non-current asset transactions		32	10
Reversals of provisions, amortization and depreciation			
Transferred expenses			
Total exceptional income		32	10
Exceptional expenses			
On financial management transactions			
On capital or non-current asset transactions		32	1
Amortization, depreciation and provisions			
Total exceptional expenses		32	1
Exceptional items	6.3.	-	9
Employee profit-sharing			
Income tax	6.4.	1,737	1,252
NET INCOME		(887,479)	101,633

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The notes hereunder supplement the statement of financial position for the period ended August 31, 2017 showing total assets of 11,368,259 thousand euros, and the statement of income, showing a net loss of 887,479 thousand euros. These statements are for the eight-month period beginning January 1 and ending August 31, 2017.

These notes to the financial statements include:

- Highlights of the year
- Accounting principles and methods
- Changes in accounting methods
- Notes to the statement of financial position
- Notes to the statement of income
- Additional information

These notes and tables form an integral part of the annual financial statements to August 31, 2017 approved by the Board of Directors on October 31, 2017.

The "Group" or "New AREVA" designates the group constituted by New AREVA Holding and all of the subsidiaries and interests held directly or indirectly thereby. This consolidated group is known as NewCo in its financial communication, pending a change of name which should take place in early 2018.

1. CONTEXT OF THE STATEMENTS AND HIGHLIGHTS OF THE PERIOD

1.1. Exceptional accounting and fiscal year of eight months due to the restructuring of the New AREVA Group

As part of its restructuring in 2016, AREVA grouped all of its subsidiaries and associates involved in the nuclear fuel cycle (including Mining, Chemistry-Enrichment and Back End operations) into the subgroup New AREVA. The contributions from AREVA SA to New AREVA Holding were completed on November 10, 2016, giving rise to a capital increase for New AREVA Holding in the amount of 45 million euros.

Other non-significant assets and liabilities related to the nuclear fuel cycle operations were also transferred on June 30, 2017, to finalize the planned scope based on the completion of the New AREVA Holding capital increases. These include the Laboratoire d'Etalons d'Activité (Industry Standards Laboratory) based at the Tricastin site and which is part of the Chemistry and Enrichment business unit. Elsewhere, dismantling and services operations in Germany, grouped into a new entity called AREVA Decommissioning & Services GmbH and which is part of the Recycling business unit, was transferred to New AREVA on July 1, 2017.

On July 26, 2017, the New AREVA capital increase reserved for the French State in the amount of 2.5 billion euros, was completed. This transaction resulted in a reduction in the percentage held by AREVA SA in the capital of New AREVA from 100% to 44.4% which in turn led to the latter leaving the tax consolidation group originally constituted around AREVA SA.

Since then, and to enable the constitution of the New AREVA tax consolidation group on September 1, 2017, it was decided by the New AREVA Holding Combined General Meeting of July 27, 2017 to temporarily modify the closing date of the company's financial year by bringing forward the closing date of the financial year beginning January 1, 2017 to August 31, 2017 (financial year of eight months) and to then return to a closing date of December 31 for the financial year beginning September 1, 2017 (financial year of four months).

Accordingly, the company has prepared the company financial statements for the period beginning January 1, 2017 and ending August 31, 2017. On the closing date of December 31, 2017, New AREVA will prepare the company and consolidated financial statements for the period between September 1, 2017 and December 31, 2017. Consolidated statements to December 31, 2017 covering the full 12 months of 2017, will also be prepared on a voluntary basis.

With regard to the financial year ended August 31, 2017, the Company will be directly and individually liable for corporate income tax. With effect from the financial year beginning September 1, 2017, the constitution of the New AREVA Holding tax consolidation group in France will lawfully enable the latter to offset the profits and losses of the French companies within its group, including New AREVA Holding, to calculate the tax expense payable after this offsetting by New AREVA Holding, as the parent company of the group.

As a result, the company financial statements present all information required for the financial year ended August 31, 2017 with an exceptional duration of eight months. In this context, the financial statements to August 31, 2017 (covering an 8-month period) are not comparable to the preceding financial year (covering a 12-month period), as, due to the absence of statements to August 31, 2016, pro forma information on the main accounting aggregates could not be produced.

1.2. European Commission Authorization

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

On January 10, 2017, following the review of this matter by the European Commission, the latter authorized the French State's participation in the capital increases of AREVA and New AREVA Holding, subject to:

- the European Commission's authorization of the merger between EDF and New NP;
- 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 AREVA SA 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.

Pending the fulfillment of these conditions, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State; one to AREVA in the amount of 2 billion euros and the other to 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 capital increases.

In this instance, on May 29, 2017, the European Commission authorized the transfer of control of New NP to EDF. This authorization carried with it no obligation.

On June 28, 2017, the ASN College gave its opinion 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, stating that "the mechanical characteristics of the vessel bottom head and closure head are adequate with regard to the loadings to which these parts are subjected, including in the event of an accident"; and, on July 12, 2017, EDF notified AREVA of its decision to waive the condition precedent set out in the New NP sale agreement related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor's vessel.

All conditions set out in the decision of January 10 have therefore been met.

1.3. New AREVA Holding capital increase and signing of the memorandum of investment and the JNFL and MHI shareholders' agreement pertaining to the capital of New AREVA Holding

Following the fulfillment of the aforementioned preconditions set by the European Commission, the New AREVA Holding capital increase will be carried out in two stages:

- A capital increase reserved for the French State, in the amount of 2.5 billion euros, was completed on July 26, 2017 and, at the same time, funds corresponding to the total amount of the future JNFL and MHI investment, i.e. 500 million euros, were placed in trust;
- Subsequently, following the sale by the AREVA group of the majority control of New NP to EDF, planned for the end of 2017, the Board of Directors of New AREVA Holding will implement the capital increase reserved for JNFL and MHI, in the amount of 500 million euros, subject to the fulfillment of certain conditions (in particular certain customary conditions related to the acquisition of an equity stake by MHI and JNFL).

Effectively, on July 12, 2017, the Board of Directors of New AREVA Holding, noting the lifting of the preconditions set by the European Commission, decided to use the delegation granted by the General Meeting of February 3, 2017 to implement the capital increase of New AREVA Holding, for the portion reserved for the French State. This capital increase of 2.5 billion euros was carried out on July 26, 2017.

With effect from this date, AREVA SA holds a minority interest in New AREVA Holding of 44.44% of the capital and voting rights, resulting in the loss of AREVA SA's control of the New AREVA group. Following the aforementioned second stage, this minority interest in New AREVA Holding should stand at 40%.

On March 13, 2017, the memorandum of investment and the shareholders' agreement relating to New AREVA Holding, formally signed on March 20, 2017 by the Mitsubishi Heavy Industries (MHI) and Japan Nuclear Fuel Ltd (JNFL) industrial groups, the Commissioner of State shareholdings and AREVA, entered into force. The signing of these documents was expected following the announcement on February 3, 2017 that the principal terms of the agreements for the acquisition of a 5% equity stake each in New AREVA Holding by JNFL and MHI, representing a total amount of 500 million euros, had been approved. Lastly, the release of the funds placed in trust should occur at the beginning of 2018, once the sale of New NP, due to complete at the end of 2017, has been finalized.

The objective of the New AREVA Holding capital increases is to enable New AREVA to meet its financial obligations and to further develop, ensuring that it is in a position over the medium term to finance itself on the markets.

1.4. Liquidity position and going concern

Continuity of operations is assessed for the entire New AREVA group insofar as New AREVA Holding, as the group's centralizing cash-pooling company, must ensure the financing of its subsidiaries' requirements.

Beyond the day-to-day operations of New AREVA, which will remain broadly balanced over the next 12 months, the company must notably:

- Ensure the repayment of its short-term borrowing of 1.1 billion euros, primarily comprised of the bond issue of 0.8 billion euros and accrued interest of 0.1 billion euros. This repayment was made as expected on October 5, 2017;
- Finance the increase in funds earmarked for end-of-lifecycle operations in the amount of 0.8 billion euros
 - o in accordance with the joint request from the Minister of the Environment and the Minister of Finances (letter dated January 5, 2017), achieve a coverage level of 95% in 2017, and,
 - o as set out in the Group business plan approved by the Board of Directors in August 2016.

In order to meet its commitments and ensure the continuity of operations over the long term, as at August 31, 2017, New AREVA had gross cash available of 3.5 billion euros. In addition, the release of funds relating to the capital increase reserved for third party investors in the amount of 0.5 billion euros will take place in January 2018, after the completion of the sale of New NP by AREVA before the end of 2017.

These factors will enable New AREVA to meet its financial obligations and ensure its sustainable development, before being in a position in the medium term to refinance on the markets. Beyond the next 12 months, the first significant debt maturities are comprised of the repayment of a private placement equivalent to approximately 61 million euros maturing on September 20, 2018, and the bond issue of 750 million euros maturing on November 6, 2019.

1.5. Acquisition of AREVA Projets

As part of the restructuring of the AREVA Group and to strengthen its position in nuclear fuel cycle engineering, New AREVA Holding acquired the company Areva Projets from AREVA NP SAS on January 1, 2017.

1.6. Write-down of investments in associates and loans to associates

As described in Note 2.1., at the end of each financial year, each Group activity is valued according to its projected profitability.

The recoverable amounts are translated into the accounts by an adjustment of the write-down of certain investments in associates, of non-trade current accounts, of loans to associates held by New AREVA Holding (see Note 5.2.), and of the provision for financial risk (see Note 5.8.). The main charge for the impairment of securities for the period concerns AREVA Mines for the amount of 763,000 thousand euros.

2. ACCOUNTING PRINCIPLES AND METHODS

The annual financial statements of New AREVA Holding to August 31, 2017 have been prepared in accordance with the French accounting standards as defined in Articles 121-1 to 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 ANC regulations 2014-03, 2015-06 and 2016-07 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 closing.

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 closing. 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 and interest rate risks both for its own transactions and those carried out by its subsidiaries. The derivatives used predominantly consist of: forward exchange contracts, currency and interest rate swaps, inflation swaps and currency options.

The risks hedged relate to receivables, borrowings and firm commitments in foreign currencies. The derivatives traded to hedge subsidiaries' exposure are systematically backed by symmetrical instruments with banking counterparties to hedge the exposure of New AREVA Holding.

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 on the liabilities side under "Borrowings".

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.

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

Given the removal of New AREVA Holding from the AREVA SA tax consolidation group with retroactive effect on January 1, 2017, future relations between New AREVA Holding and AREVA SA with regard to the period preceding the removal are governed by an exit agreement which terminates the tax consolidation agreement in place until then. The exit agreement and the preceding tax consolidation agreement are based on a principle of tax neutrality.

3. CHANGES IN ACCOUNTING METHODS

ANC regulation 2015-05 retrospectively applicable to financial years beginning on or after January 1, 2017 modified the rules relating to the accounting of forward financial instruments and hedging transactions.

These new rules mainly cover:

- Hedge accounting where a hedging relationship has been identified during management,
- A new choice for the accounting of the option premium and the discount/premium,
- The accounting of hedging transactions under the same heading as the hedged item,
- More information in appendices on hedging strategies,
- The establishment of the overall foreign exchange position currency by currency,
- The fair value accounting of "isolated open positions".

The application of these new rules has not led to any changes for the company, except for the accounting of the discount/premium, which the company has opted to spread on a straight-line basis. This change in method did not result in any significant adjustment at January 1, 2017.

4. EVENTS SUBSEQUENT TO YEAR-END CLOSING

No events subsequent to year-end closing have been identified as likely to have a significant impact on the company's accounts.

5. NOTES TO THE BALANCE SHEET

5.1. Long-term investments

Gross value						Aug. 2017
(in thousands of euros)	Note Appendix	Dec. 2016	Partial asset contribution	Increase	Decrease	
Associates	5.1.11.	3,396,805		2,058,844	32	5,455,616
Loans to associates	5.1.2.	2,980,619		693,432	209,825	3,464,226
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	5.1.3.	7,061				7,061
TOTAL LONG-TERM INVESTMENTS		6,384,485		2,752,276	209,857	8,926,903

5.1.1. The "Associates" line totals 5,455,616 thousand euros. It primarily comprises the following securities:

- AREVA NC	2,518,292	thousand euros
- AREVA Mines	2,356,194	thousand euros
- AREVA Nuclear Materials	358,391	thousand euros
- AREVA Business Support	122,069	thousand euros
- Areva Projets	63,844	thousand euros

The main changes correspond to the AREVA NC capital increases for 1,995,000 thousand euros fully subscribed by New AREVA Holding, and the acquisition of Areva Projets securities for 63,844 thousand euros.

5.1.2. The "Loans to associates" line in the amount of 3,464,226 thousand euros concerns medium-term loans granted to companies of the Group, including accrued interest (see Note 5.4.1). The main companies concerned at August 31, 2017 are:

- Société Enrichissement Tricastin	1,692,697	thousand euros
- AREVA Resources Canada	730,761	thousand euros (1,093,949 thousand CAD)
- CFMM	693,208	thousand euros
- EURODIF SA	145,403	thousand euros
- AREVA Ressources Centrafrique	103,049	thousand euros (121,855 thousand USD)
- AREVA Nuclear Materials	60,479	thousand euros (71,516 thousand USD)
- AREVA MED	29,148	thousand euros

The increases over the period mainly concern loans granted during the 2017 financial year to the following companies:

- CFMM	693,208	thousand euros
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The decreases over the period concern foreign exchange movements and the repayments made during the 2017 financial year for the following companies:

- AREVA Resources Canada	84,988	thousand euros (61,000 thousand CAD)
- Société Enrichissement Tricastin	103,175	thousand euros

5.1.3. The item "Other long-term investments" includes New AREVA Holding's equity interest in mutual insurance company European Liability Insurance for Nuclear Industry (Elini), representing 6,741 thousand euros at August 31, 2017, and in the mutual insurance company BlueRE in the amount of 320 thousand euros.

5.2. Write-downs of long-term investments

Write-downs <i>(in thousands of euros)</i>	Note Appendix	Dec. 2016	Partial asset contribution	Increase	Decrease	Aug. 2017
Associates	5.2.1.	387,484		806,816		1,194,299
Loans to associates	5.2.2.	115,601			12,552	103,049
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		503,085		806,816	12,552	1,297,348

- 5.2.1.** In accordance with accounting rules and methods (see 2.1.), the charges mainly correspond to provisions on the following securities:
- AREVA Mines: 763,000 thousand euros,
 - AREVA Business Support: 24,682 thousand euros,
 - AREVA Nuclear Materials: 19,000 thousand euros,

- 5.2.2.** The change in provisions for loans to associates corresponds to the reversal of provisions for receivables:
- AREVA Ressources Centrafrique: 12,552 thousand euros.

5.3. Statement of receivables

<i>(in thousands of euros)</i>	Note Appendix	Gross amount	Maturing in less than 1 year	Maturing in more than 1 year
Non-current assets				
Loans to associates	5.1.2.	3,464,226	30,199	3,434,027
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		3,471,287	30,199	3,441,088
Current assets				
Suppliers: advances and prepayments made				
Working capital: receivables				
Doubtful accounts				
Other trade accounts receivable		16,888	16,888	
Accounts payable to employees and related				
Social security administration and other social institutions				
French State and local governments:				
- Income tax				
- Value added tax		15,257	15,257	
- Other taxes and related expenses				
- Miscellaneous French State				
Group and associates				
Trade accounts and other receivables		192,277	192,277	
Total gross receivables – working capital		224,422	224,422	
Prepaid expenses		765	765	
TOTAL GROSS RECEIVABLES		3,696,474	255,386	3,441,088

5.4. Accrued income

(French decree 83-1020 of November 29, 1983, article 23)

<i>(in thousands of euros)</i>	Note Appendix	Aug. 2017	Dec. 2016
Long-term investments			
Loans to associates	5.4.1.	30,199	12,223
Other long-term investments			
Total long-term investments		30,199	12,223
Working capital: receivables			
Trade accounts receivable and related accounts		15,726	
Accounts payable to employees and related accounts			
Social security administration and other social institutions			
French State and local governments			
Trade accounts and other receivables	5.4.2.	192,277	229,176
Total receivables – working capital		208,003	229,176
Marketable securities			26
Cash and cash equivalents			
TOTAL INCOME RECEIVABLE		238,202	241,425

5.4.1 This item concerns the interest accrued on loans to associates and in particular:

- CFMM: 13,208 thousand euros
- Société Enrichissement Tricastin: 12,644 thousand euros
- AREVA Resources Canada: 3,306 thousand euros

5.4.2 The change in trade accounts and other receivables is essentially due to the revaluation of financial hedging instruments at the closing rate.

5.5. Net cash

<i>(in thousands of euros)</i>	Note Appendix	Aug. 2017	Dec. 2016
Other marketable securities		2,938,619	2,636
Write-downs		- 629	- 210
	5.5.1.	2,937,990	2,426
Cash instruments		21,900	5,690
Non-trade current accounts	5.5.2.	188,138	2,020,626
Write-downs	5.5.3.	(5,819)	(6,520)
		182,318	2,014,107
Cash and cash equivalents	5.5.4.	353,454	10,824
TOTAL CASH AND MARKETABLE SECURITIES		3,495,662	2,033,047

5.5.1. At August 31, 2017, "Other marketable securities" mainly comprised money market funds and treasury bonds totaling 2,936,009 thousand euros and own bonds amounting to 2,610 thousand euros, written down by 210 thousand euros. These were taken out after the capital increase of July 26, 2017 in the amount of 2.5 billion euros.

5.5.2. Non-trade current accounts amounted to 188,138 thousand euros. The main companies concerned at August 31, 2017 were:

- GIE SI-nerGIE	80,661 thousand euros
- AREVA Temis:	23,345 thousand euros.
- AREVA UK Ltd:	14,492 thousand euros
- AREVA SA:	11,552 thousand euros
- Columbiana Hi Tech LLC:	11,019 thousand euros
- EURODIF	8,394 thousand euros

5.5.3. The decrease in the write-down of non-trade current accounts corresponds to the change in the hedging of the non-collectability risk of AREVA Ressources Centrafrique in the amount of 700 thousand euros.

5.5.4. The increase in cash and cash equivalents takes into account the funds linked to the capital increase, the repayment by AREVA SA of the majority of its current accounts and the cash consumption of cash-pooling subsidiaries.

5.6. 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	0.50 euros	105,661,110	132,076,390		237,737,500

At its meeting of July 26, 2017, the Board of Directors noted the completion of the capital increase in the amount of 2.5 billion euros by creation of 132,076,390 shares, taking the number of shares outstanding at the end of the period to 237,737,500.

The par value of 0.50 euros with an issue premium of 18.43 euros per share brought the subscription price to 18.93 euros per new ordinary share.

The share capital of New AREVA Holding at August 31, 2017 was as follows:

	Aug. 2017	Dec. 2016	Dec. 2015
AREVA SA	44.44%	99.99%	100.00%
AREVA Project 2	-%	0.01%	-%
Agence des Participations de l'Etat (APE)	55.66%	-%	-%
Total	100.00%	100.00%	100.00%

On January 26, 2017, AREVA Project 2 sold the share that it held in the capital of the Company to the French State.

5.7. Equity

<i>(in thousands of euros)</i>	Note Appendix	Dec. 2016	Allocation of Net income	Partial asset contribution	Net income for the year	Increase	Decrease	Aug. 2017
Subscribed capital	5.7.1.	52,831				66,038		118,869
Additional paid-in capital, share premiums	5.7.1.	630,888				2,434,168		3,065,056
Revaluation adjustment								
Legal reserve		10,886						10,886
Restricted reserves								
Regulated reserves								
Other reserves		4,041						4,041
Retained earnings		- 3,058	101,633					98,575
Net income for the year		101,633	- 101,633		(887,479)			(887,479)
Net investment subsidies								
Tax-driven provisions								
TOTAL SHAREHOLDERS' EQUITY		797,220	-		- 887,479	2,500,206		2,409,948

5.7.1. The increase in the share capital on July 26, 2017 by the sum of 2,500,206 thousand euros consists of share capital in the amount of 66,038 thousand euros and issue premiums totaling 2,434,168 thousand euros. As a result of these transactions, the share capital stands at 118,869 thousand euros and the share premiums amount to 3,065,056 thousand euros.

5.8. Provisions for contingencies and charges

<i>(in thousands of euros)</i>	Note Appendix	Dec. 2016	Partial asset contribution	Increase	Decrease	Reclassifications	Aug. 2017
Provisions for contingencies							
Provisions for litigation							
Provisions for customer guarantees							
Provisions for taxes							
Provisions for foreign exchange losses							
Other provisions for contingencies	5.8.1.	7,035		9,911	7,035		9,911
Total provisions for contingencies		7,035		9,911	7,035		9,911
Provisions for charges							
Provisions for retirement and similar benefits				80			80
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		7,035		9,991	7,035		9,991
Including charges and reversals							
- Operating				80			
- Financial				9,911	7,035		
- Exceptional							

- 5.8.1.** Other provisions for contingencies mainly comprise:
- underlying losses on rate swaps in the amount of 4,595 thousand euros;
 - a provision for the negative net situation of AREVA Business Support in the amount of 5,316 thousand euros (see 2.1.).

5.9. Statement of liabilities

<i>(in thousands of euros)</i>	Note Appendix	Gross amount	Maturing in less than 1 year	Maturing in 1 to 5 years	Maturing in more than 5 years
Borrowings					
Convertible bond issues					
Other bond issues	5.9.1.	4,957,255	946,098	2,261,157	1,750,000
Bank borrowings	5.9.2.	30	30		
Miscellaneous loans and borrowings	5.9.3.	3,670,021	3,670,021		
Total borrowings		8,627,307	4,616,150	2,261,157	1,750,000
Advances and prepayments on orders					
Other liabilities					
Trade accounts payable and related accounts		43,471	43,471		
Taxes and employee-related liabilities:					
- Accounts payable to employees and related		96	96		
- Social security administration and other social		75	75		
- French State and local governments:					
- Value added tax		2,743	2,743		
- Other taxes		23	23		
- Income tax					
Accounts payable on non-current assets and related					
Group and associates					
Other liabilities		176,319	176,319		
Cash instruments		2,764	2,764		
Total other liabilities		225,491	225,491		
Unearned income	5.9.4.	95,521	22,629	60,563	12,329
Total unearned income		95,521	22,629	60,563	12,329
TOTAL GROSS LIABILITIES		8,948,319	4,864,270	2,321,721	1,762,329

5.9.1. Bond issues

<i>(in currency thousands)</i>	Nominal amount	Currency	Nominal rate	Term / Expiration
Issue date				
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	4,811,157	(*) EUR		

(*) exchange rate used: 1 EUR = 130.81 JPY

The total drawn on the bond issues at August 31, 2017 amounted to 4,811 million euros in nominal value. A total amount of 911 million euros of interest rate swaps was backed by these bonds.

5.9.2. Bank borrowings

At August 31, 2017, this item comprised credit bank balances in the amount of 30 thousand euros.

5.9.3. Miscellaneous loans and borrowings

This item stood at 3,670,021 thousand euros at August 31, 2017, mainly comprising:

- Debt related to associates in the amount of 466 thousand euros;
- Non-trade current account liabilities in the amount of 3,669,555 thousand euros. The main companies concerned at August 31, 2017 were:
 - AREVA NC: 2,457,598 thousand euros
 - AREVA Mines: 335,624 thousand euros
 - TN International: 186,714 thousand euros
 - SET: 179,890 thousand euros
 - Sofidif: 137,408 thousand euros
 - AREVA IR: 97,868 thousand euros
 - AREVA Business Support: 72,541 thousand euros
 - ETC: 43,180 thousand euros
 - STMI: 29,312 thousand euros
 - AREVA Federal Services: 24,062 thousand euros

5.9.4. 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 was transferred to New AREVA Holding as part of the partial asset contribution.

	At August 31, 2017	At December 31, 2016
Unearned financial income	95,521	110,648
Total	95,521	110,648

5.10. Accrued expenses

<i>(in thousands of euros)</i>	Note Appendix	Aug. 2017	Dec. 2016
Borrowings			
Convertible bond issues			
Other bond issues	5.10.1.	146,098	71,400
Bank borrowings			
Miscellaneous loans and borrowings			
Total borrowings		146,098	71,400
Other liabilities			
Trade accounts payable and related accounts	5.10.2.	25,880	6,161
Taxes and employee-related liabilities		148	
Accounts payable on non-current assets and related accounts			
Other liabilities	5.10.3.	176,319	239,790
Total other liabilities		202,347	245,951
TOTAL ACCRUED EXPENSES		348,445	317,351

5.10.1. This item includes the interest accrued on bond issues.

5.10.2. The change in trade accounts payable mainly concerns the charge-back by AREVA Business Support of central division costs.

5.10.3. The change in other liabilities is mainly due to the revaluation of financial instruments at the closing rate.

6. NOTES TO THE INCOME STATEMENT

6.1. Current operating income

Revenue notably includes:

- charge-backs to the subsidiaries of corporate services for a total amount of 24,274 thousand euros,
- revenue from real estate activity in the amount of 4,320 thousand euros,

Operating expenses are comprised of purchases from AREVA Business Support of central division costs, leases and expenses related to the Saint-Quentin site in Yvelines, as well as other direct purchases relating to its corporate purpose. Operating losses amount to 64,391 thousand euros.

6.2. Net financial income

Net financial income in the amount of -821,351 thousand euros includes mainly:

• dividends on investments in associates	18,000	thousand euros (2)
• net income on non-trade accounts and loans to associates	83,327	thousand euros
• net income on financial instruments	13,734	thousand euros
• interest expenses on loans	-127,900	thousand euros
• foreign exchange losses	-9,488	thousand euros
• provisions for investments in associates	-806,816	thousand euros (1)
• charges for negative net situation	-5,316	thousand euros (2)
• reversals of provisions on loans to associates	12,552	thousand euros (3)
• reversals of provisions on current account	700	thousand euros (3)
• net reversals on provisions for other financial risks	2,440	thousand euros
• bond redemption premiums related to bond issues	2,163	thousand euros

(1) Mainly AREVA Mines, AREVA Business Support and AREVA Nuclear Materials (see Note 5.2.1.)

(2) AREVA Business Support

(3) AREVA Ressources Centrafrique

6.3. Exceptional items

Exceptional items correspond to the sale of IAN Group securities, sold by New AREVA Holding to AREVA NP, for their net carrying amount, as part of the restructuring of the AREVA group.

6.4. Income tax

For the period ended August 31, 2017, New AREVA Holding posted a tax loss of 83,973 thousand euros. The tax expense recognized at August 31, 2017 corresponds to the loss of foreign tax credits (withholding tax on interest paid by AREVA Resources Canada) recognized during the year in the amount of 1,737 thousand euros.

7. ADDITIONAL INFORMATION

7.1. Workforce

At August 31, 2017, the company's workforce is as follows:

	Aug. 2017	Dec. 2016	Dec. 2015
Management personnel	1	-	-
Supervisors	-	-	-
Employees	-	-	-
TOTAL	1	-	-

7.2. Company exposure to market risk

• General objectives

New AREVA Holding uses financial derivatives to manage its exposure to foreign exchange risk and interest rate risk. These instruments are generally qualified as hedges of assets, liabilities or specific commitments.

New AREVA Holding manages all risks associated with these instruments by centralizing the commitments and implementing procedures that specify the limits and characteristics of the counterparties.

• 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: The New AREVA Holding policy approved by the Executive Committee seeks to systematically hedge the certain foreign exchange risks generated by its operations, and those of its subsidiaries, to minimize the impact of exchange rate fluctuations on net income.

New AREVA Holding uses financial derivatives (principally forward exchange contracts) to hedge its foreign exchange exposure from trade, including accounts receivable and payable and confirmed off-balance sheet commitments. These hedges are backed by underlying transactions for identical amounts and maturities and, as a general rule, are documented and eligible for hedge accounting.

The Financial Operations and Treasury Management Department covers these 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 New AREVA Holding trading desk, is monitored daily by specialized teams that are also charged with the valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

At August 31, 2017, the financial derivatives used by New AREVA Holding to hedge foreign exchange risk were as follows:

(Notional amount by maturity date at August 31, 2017)	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total	Market value
Forward exchange transactions and currency swaps	3,286	1,020	422	118			4,846	6
Currency options	51						51	0
Cross-currency swaps	64	61	318				443	22
TOTAL	3,400	1,081	740	118	0	0	5,339	28

• 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 August 31, 2017, 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 New AREVA Holding trading desk in connection with rate risk management are subject to limits based on the type of transaction involved.

At August 31, 2017, the following financial instruments were used to hedge interest rate exposure:

Interest rate instruments <i>(in millions of euros)</i>	TOTAL	Notional amount by maturity date at August 31, 2017						Market value
		< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	
Interest rate swaps – EUR variable lender								
<i>EUR fixed borrower</i>	200					200		(4)
Interest rate swaps – EUR variable lender								
<i>EUR variable borrower</i>	100					100		0
<i>CAD variable borrower</i>	382	64		318				1
Interest rate swaps – EUR fixed lender								
<i>EUR variable borrower</i>	550		50	150	150		200	37
Interest rate swaps – fixed lender – JPY								
<i>EUR variable borrower</i>	61		61					
Inflation rate swaps								
<i>Variable lender - USD fixed borrower</i>	148			148				(30)
<i>Variable borrower - USD fixed lender</i>	148			148				30
GRAND TOTAL	1,589	64	111	764	150	300	200	34

• 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 August 31, 2017.

• Counterparty risk

New AREVA Holding is exposed to the credit risk of counterparties linked to its use of financial derivatives to cover its risks. New AREVA Holding uses several types of financial derivatives to manage its exposure to foreign exchange risk and interest rate risk. New AREVA Holding primarily uses forward buy/sell currency and rate derivative products (such as swaps, futures and 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 monthly margin calls that restrict 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 and rates is calculated based on market data at the closing date, using 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**

The Financial Operations and Treasury Management Department – “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 the 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.

7.3. 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.

7.4. Off-balance-sheet commitments

<i>(in thousands of euros)</i>	Note Appendix	Total	< 1 year	1 to 5 years	> 5 years
Commitments given					
Bid guarantees					
Performance warranties		133,735	54,364	79,371	
Down payment guarantees		296,554			296,554
Guarantees for waivers of warranty retentions					
After-sales warranties					
Other operating commitments					
Total operating commitments given		430,289	54,364	79,371	296,554
Comfort letters given					
Guarantees and surety					
Liens given					
Mortgages given					
Other funding guarantees		699,477	669,242	28,966	1,268
Total commitments and collateral given on financing		699,477	669,242	28,966	1,268
Guarantees of assets and liabilities					
Guarantees pertaining to rental obligations given		17		17	
Other commitments given		917	917		
Total other commitments given		934	917	17	
I. Total commitments given	7.4.1.	1,130,70	724,523	108,354	297,822
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		2,140	2,140		
Other reciprocal commitments					
III. Total reciprocal commitments		2,140	2,140		

7.4.1. In letters dated March 22, 2017 and July 26, 2017, New AREVA Holding committed to fully compensate AREVA SA for all sums paid and costs borne by the latter in relation to guarantees related to the Activity (as this term is defined in the Contribution Agreement and inclusive of any activity of New AREVA Holding or its subsidiaries following the Contribution) that it may have granted, including after the Contribution, and from which it has not been discharged.

These commitments mainly concern PCGs on the Niagara loan, PCGs in favor of clients of contributed operations and counter-guarantees in favor of the bank.

7.5. Compensation of executive officers

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 and for the period until July 26, 2017, have received no compensation for their directorship. They had an employment contract with a subsidiary of the Company in connection with their functions and received compensation in relation thereto, without any link to their directorship within the Company.

The compensation paid to the Chairman of the Board and the Chief Executive Officer of the Group since the change in governance in July 2017 amounts to 0.07 million euros.

7.6. Disputes and potential liabilities

OTHER INVESTIGATIONS

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

7.7. Subsidiaries and associates

(Article L.233-15 of the French Commercial Code)

	Share of capital held in %	Share capital	Equity other than share capital	Carrying amount of shares held		Loans and advances granted and not repaid	Amount of guarantees given	Revenue before tax of last financial year	Net income of last financial year	Dividends received
				Gross	Net					

A - Detailed 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 NC (08/31/2017)										
	Tour AREVA - 92084 Paris La Défense Cedex – France	100.00	99,229	160,466	2,518,292	2,518,292		1,215,311	(104,126)	
AREVA Mines (08/31/2017)										
	Tour AREVA - 92084 Paris La Défense Cedex – France	100.00	25,207	880,650	2,356,194	1,305,194		814,979	(557,097)	
(1)	AREVA Nuclear Materials (12/31/2016)									
	1155 F Street, DC 20004 Washington – United States	100.00	236,03	(152,271)	358,391	339,391	60,479	3,675	1,752	
AREVA Business Support (08/31/2017)										
	Tour AREVA - 92084 Paris La Défense Cedex – France	100.00	490	6,192	122,069	-		105,255	(11,999)	18,000
Areva Projets (08/31/2017)										
	Tour AREVA - 92084 Paris La Défense Cedex – France	100.00	12,769	48,629	63,844	63,844		127,428	689	
AREVA Insurance & Reinsurance (12/31/2016)										
	Tour AREVA - 92084 Paris La Défense Cedex – France	100.00	6,375	96,86	30,940	30,940		-	(2,320)	
AREVADELFI (12/31/2016)										
	Tour AREVA - 92084 Paris La Défense Cedex – France	100.00	456	(6)	2,534	330		-	(119)	

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	4				
	Foreign subsidiaries				3,323	3,323				

2 - Associates not included in section A 2

	French companies				-	-				
	Foreign companies				-	-				

(1) 1 EUR = 1.1825 USD

8.3 Statutory Auditors' report on the consolidated financial statements for the period ended August 31, 2017

MAZARS

ERNST & YOUNG Audit

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the 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

For the eight-month period ended 31 August 2017

Statutory auditors' report on the consolidated financial statements

MAZARS

61, rue Henri Regnault
92075 Paris-La Défense Cedex
S.A. à directoire et conseil de surveillance
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

For the eight-month period ended 31 August 2017

Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of New Areva Holding,

Opinion

In compliance with the engagement entrusted to us by a decision of the sole shareholder and by a collective decision of the shareholders, we have audited the accompanying consolidated financial statements of New Areva Holding for the eight-month period ended 31 August 2017.

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 August 2017 and of the results of its operations for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Ethics Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory auditors' responsibilities for the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors

Emphasis of matter

We draw your attention to the following matter described in Notes 1.3.11 and 12 to the consolidated financial statements relating to the methods of valuation of the provisions for end-of-life cycle operations, and their sensitivity to the assumptions used in terms of technical procedures, costs, disbursement schedules, and inflation and discount rates. Our opinion is not modified in respect of this matter.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of mining assets

Risk identified

As at 31 August 2017, the net carrying amount of the tangible and intangible mining assets amounts to €2,909m. The value of the goodwill of the Mining cash generating unit (CGU), included in that of the mining assets, amounts to €816m. Certain assets have been subject to impairment in previous years as well as in the eight-month period ended.

Your group performs impairment tests on these assets according to the methods described in Note 1.3.4.5 to the consolidated financial statements. We considered the valuation of these assets to be a key audit matter due to their significance in the financial statements and the estimates and judgments necessary to conduct these tests.

Indeed, in order to determine the value in use, they integrate forecasted productions and costs, as well as assumptions concerning the price of uranium derived from a forecast curve based on the group's view of trends in supply and demand for this mineral. Where appropriate, the tests take into account a resale value which is measured on the basis of observable data (recent transactions, offers received from potential buyers, market value multiples for comparable companies) or analyses performed by group or external experts.

All information on impairment tests is provided in Notes 9, 10 and 11 to the consolidated financial statements.

Our response

We analysed the methods applied by your group for the implementation of impairment tests, verified their arithmetical accuracy through sampling, and reconciled the data with the medium-term plan ("Financial Trajectory") drawn up by management and approved by the Board of Directors.

We assessed the consistency of the forecasted data used in the impairment tests with the mining plans drawn up for each mine.

As regards the forecast curve for the price of uranium used for sales, the determination of the resale values and the discount rates, we obtained an understanding of the analyses prepared by the group or by external experts and compared the assumptions used with the available market data. We involved our valuation specialists whenever necessary.

Lastly, we performed sensitivity analyses on the impairment tests, notably on the price assumptions, exchange rates (in particular the euro/dollar exchange rate) and the discount rate, and we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Valuation of the industrial conversion assets

Risk identified

As at 31 August 2017, the Comurhex II uranium conversion plant, an industrial asset under construction, is recorded in the balance sheet for a net carrying amount of €103m.

Notes 1.3.4.5 and 11 to the consolidated financial statements describe the assumptions underlying the determination of the recoverable amount of this asset.

This recoverable amount is based on discounted cash flow calculations and involves significant judgments by management, notably concerning factors such as price and volume assumptions, the investment amounts to be incurred and the discount rate.

Your group has recognized a depreciation charge as at 31 August 2017, as stated in Note 11 to the consolidated financial statements.

Given the sensitivity to changes in the data and assumptions on which the estimates are based, we considered the valuation of the recoverable amount of industrial conversion assets to be a key audit matter.

Our response

The work that we performed in order to assess the reasonableness of the estimate of the recoverable amount of the Comurhex II industrial asset mainly consisted in:

- assessing the quality of the process to develop and approve the business plan, as well as the consistency of the assumptions used with the medium-term plan (“Financial Trajectory”) drawn up by management and approved by the Board of Directors;
- analyzing the principles and methods used to determine the recoverable amount of the plant;
- confirming, notably through discussions with management and comparison with available market or historical data, the reasonableness of the main data and assumptions on which the estimates are based (such as price and volume assumptions, costs to be incurred and the performance plan for the Comurhex II plant);
- verifying, by sampling, the arithmetic accuracy of the valuations performed by your group.

In addition, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Recognition of revenue and margin at completion for the ATR agreement

Risk identified

As described in Note 1.3.3 to the consolidated financial statements, your group carries on its activity through services contracts. In particular, your group has entered into a treatment and recycling framework agreement with EDF, known as the "ATR agreement", which defines the conditions of industrial cooperation relating to treatment and recycling until 2040. Within the context of this framework agreement, Areva and EDF signed a new implementation contract in February 2016, defining the technical and financial conditions for the treatment and recycling of the fuel used by Areva for the benefit of EDF for the period 2016-2023.

The revenue and margin relating to this services contract are recognized under the cost completion method as the work progresses. The percentage of completion is calculated based on the ratio of costs incurred to total forecasted costs for the contract, within the limits of physical or technical completion at the closing date.

The revenue and margin amounts to be recognized in the period, and any provision for loss at completion as at the closing date, depend on the entity's ability to measure the costs incurred for a contract and to reliably estimate the costs still to be incurred until the end of the contract. These estimates are regularly updated and involve detailed calculations using large and complex databases.

We considered that the measurement of the margin at completion and of the percentage of completion of this contract constitutes a key audit matter due to the sensitivity of these items to the assumptions used by management.

Our response

We assessed the controls designed and applied by your group to measure the margin at completion and the percentage of completion of the contract.

Our other procedures notably consisted in:

- confirming the reasonableness of the main data and assumptions on which the estimates of future costs are based, mainly through comparison with the available historical data for previous implementation contracts and analysis of the impacts of the current performance plans on future costs;
- reconciling the accounting data with the management data used to recognize the revenue for the period and testing the costs incurred by sampling.

Measurement of end-of-life cycle operations and coverage ratio

Risk identified

As at 31 August 2017, provisions for end-of-life cycle operations amount to €7,480m, including €7,233m falling within the scope of the law of 28 June 2006 relating to the sustainable management of radioactive materials and waste. These provisions concern the future costs associated with facility dismantling obligations, waste retrieval and packaging, and waste transport and storage. The accounting treatment applied, the methods used to measure these provisions, and the uncertainties relating to the assumptions used in terms of technical scenarios and processes, costs, disbursement schedules and inflation and discount rates are described in Notes 1.2, 1.3.11 and 12 to the consolidated financial statements.

Your group regularly reviews the assumptions used to measure these provisions and to take into account any regulatory changes, operational experience and other factors deemed relevant based on technical and economic developments.

In addition, the law lays down the principle of building a base of dedicated financial assets to cover these provisions. In the event of non-compliance with this regulation, your group has three years in which to remedy the situation. The group has therefore constituted a portfolio of assets to cover all its commitments relating to the obligations imposed by the law of 28 June 2006.

In view of the significance of the provisions for end-of-life cycle operations, the complexity of the cost estimation models used due to the difficulty of the performance of the operations and their long-term horizon, and the sensitivity to the assumptions on which these estimates are based, in particular the uncertainties regarding regulatory changes, the safety authorities' requirements, the waste treatment and disposal sectors, knowledge of the initial condition of the plants and the changes in the discount rate used, we considered the measurement of these provisions and the ratio of coverage by dedicated financial assets to be a key audit matter.

Our response

We obtained an understanding of the process adopted for the measurement, control and governance of these provisions. We tested the key controls set up by management to determine the costs used for this measurement (validation of the provisions at each level of governance – notably at the level of the End-of-Life Cycle Obligations Monitoring Committee and the Decommissioning Obligations Monitoring Committee –, and the existence of a body of robust, approved documentation, summary memos and risk analyses performed by management).

Our work also consisted in:

- assessing the consistency over time of the models used to estimate the provisions;
- assessing the validity of the assumptions used to determine the costs at completion and the disbursement schedules, notably through discussions with the managements concerned, in particular changes in assumptions and the contingency level used;
- considering communications with the administrative authorities, in particular the follow-up letters from the *Direction générale de l'Energie et du Climat* (Directorate General for Energy and Climate);
- analysing, with our specialists, the IT general controls relating to the application used by Areva to calculate provisions for plants currently in service;
- using our own expert to review the discount and inflation rates used;
- comparing the data derived from the end-of-life cycle provisions management application with the accounting records and testing the arithmetical accuracy of accretion.

Our work regarding the coverage ratio consisted in:

- considering communications with the administrative authorities and the projected plan for the contribution of additional assets in the event of under-coverage, through discussion with management;
- assessing the eligibility of the assets;
- testing the arithmetical accuracy of the calculation of the ratio.

Verification of the information pertaining to the group presented in the management report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of New Areva Holding by a decision of the sole shareholder on 30 June 2009 for MAZARS and by a collective decision of the shareholders on 25 October 2016 for ERNST & YOUNG Audit.

As at 31 August 2017, MAZARS and ERNST & YOUNG Audit were respectively in the 9th and 2nd year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Ethics Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Ethics Committee

We submit a report to the Audit and Ethics Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Ethics Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit and Ethics Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit and Ethics Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 10 November 2017

The Statutory Auditors

French original signed by:

MAZARS

ERNST & YOUNG Audit

Olivier Thireau

Jean-Louis Simon Aymeric de La Morandière

Jean Bouquot

8.4 Statutory Auditors' report on the Company financial statements for the period ended August 31, 2017

MAZARS

ERNST & YOUNG Audit

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. 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

For the eight-month period ended 31 August 2017

Statutory auditors' report on the financial statements

MAZARS

61, rue Henri Regnault
92075 Paris-La Défense Cedex
S.A. à directoire et conseil de surveillance
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

For the eight-month period ended 31 August 2017

Statutory auditors' report on the financial statements

To the Annual General Meeting of New Areva Holding,

Opinion

In compliance with the engagement entrusted to us by a decision of the sole shareholder and by a collective decision of the shareholders, we have audited the accompanying financial statements of New Areva Holding for the eight-month period ended 31 August 2017.

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 at 31 August 2017 and of the results of its operations for the period then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Ethics Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

We draw your attention to the following matter described in Note 3 to the financial statements relating to “Changes in accounting policies” concerning the application of the new ANC Regulation No. 2015-05 on the recognition of financial futures and hedging transactions. Our opinion is not modified in respect of this matter.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments and related loans

Risk identified: The investments and related loans of New Areva Holding amount to 7 622 494 thousand euros as at 31 August 2017 and represent the most significant balance sheet account.

As stated in Notes 1.6, 2.1, 5.1, 5.2 and 5.8, the investments are accounted for at their acquisition cost or transfer value and are depreciated when the related value in use for a given investment falls below its historical cost. This depreciation is calculated based on the share of the net assets held at closing date. The forecasted profitability or the market value of the subsidiaries is also taken into account in this calculation, as are any events subsequent to the closing date.

The estimation of the value in use of these investments requires management's judgment to identify the factors to be taken into account. These may be historical factors (such as equity), or forecasts (the profitability outlook and economic situation for the related activities and countries).

Due to the uncertainties inherent in the forecast items used in the calculation of value in use, we considered the valuation of the investments, the related loans and the related provisions for risks to constitute a key audit matter.

Our response We tested the functioning of the company's internal control related to the calculation of the value in use of the investments. Our procedures mainly consisted in:

- verifying that the values in use prepared by management are supported by appropriate valuation methods;
- comparing the data used in the investment impairment tests with the original data by subsidiary;
- testing, by sampling, the arithmetical accuracy of the value in use calculations;
- assessing the recoverability of the related loans based on the analyses performed on

Valuation of investments and related loans

- the investments;
 - verifying the recognition of a provision for risks if the company is liable for the losses of a subsidiary with negative equity.
-

Verification of the management report and of the other documents provided to shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

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 the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 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 controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

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.

Report on other legal and regulatory requirements

Appointment of the statutory auditors

We were appointed as statutory auditors of New Areva Holding by a decision of the sole shareholder on 30 June 2009 for MAZARS and by a collective decision of the shareholders on 25 October 2016 for ERNST & YOUNG Audit.

As at 31 August 2017, MAZARS and ERNST & YOUNG Audit were respectively in the 9th and 2nd year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Ethics Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Ethics Committee

We submit a report to the Audit and Ethics Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Ethics Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit and Ethics Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit and Ethics Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 10 November 2017

The Statutory Auditors

French original signed by:

MAZARS

ERNST & YOUNG Audit

Olivier Thireau

Jean-Louis Simon Jean Bouquot

Aymeric de La Morandière

8.5 Five-year financial summary

(in thousands of euros)

Type of indicator	2013	2014	2015	2016	8 months 2017
I - Share capital at year end					
a) Share capital	247,500	247,500	247,500	52,831	118,869
b) Number of common shares outstanding	16,500,000	16,500,000	16,500,000	105,661,110	237,737,500
c) Number of shares with preferred dividend rights	-	-	-	-	-
II - Operations and income for the year					
a) Revenue before tax	-	-	-	-	28,593
b) Income before tax, employee profit-sharing and amortization, depreciation and provisions (including reversals)	1,960	(19,903)	(291)	(28,885)	(85,308)
c) Income tax	(2,531)	-	-	(1,252)	(1,737)
d) Employee profit-sharing for the year	-	-	-	-	-
e) Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	5,442	(1,554)	(137)	101,633	(887,479)
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)	(0.03)	(1.21)	(0.02)	(0.29)	(0.37)
b) Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	0.33	(0.09)	(0.01)	0.96	(3.73)
c) Dividend per share (rounded to one euro cent)	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.)	-	-	-	-	-

(*) Provisional data not yet approved

8.6 Subsidiaries and associates

Please refer to the table of subsidiaries and associates appearing in Note 7.7 to the Company financial statements (Appendix 8.2 of the Annual Activity Report - fiscal year ended August 31, 2017).

8.7 List of companies controlled indirectly

NAME OR COMPANY NAME	LEGAL FORM	SHARE CAPITAL	BUSINESS REGISTER	ADDRESS	MINORITY 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	3,698,125	Bourg-en-Bresse Trade and company Register no. 420 952 194	Allée des Combes, Parc Industriel de la Plaine de L'Ain 01150 BLYES	STMI	73.86
LEA (Laboratoire d'Etalons d'Activités)	Simplified joint stock company	209	Nanterre Trade and company Register no. 538 613 613	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	100.00
AREVA MED SAS	Simplified joint stock company	17,055,000	Nanterre Trade and company Register no. 444 561 625	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	100.00
AREVA NC EXPANSION	Simplified joint stock company	79,861,140	Nanterre Trade and company Register no. 501 472 492	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	CFMM	86.51
AREVA TEMIS	Simplified joint stock company with a sole shareholder	1,300,000	Cherbourg Trade and company Register no. 350 357 596	Z.A. d'Armanville 50700 VALOGNES	AREVA NC	100.00
CFM - COMPAGNIE FRANÇAISE DE MOKTA	Limited liability company with a Board of Directors	6,630,830	Nanterre Trade and company Register no. 552 112 716	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA Mines	100.00
CFMM - COMPAGNIE FRANÇAISE DE MINES ET DE MÉTAUX	Simplified joint stock company with a sole shareholder	68,770,013	Nanterre Trade and company Register no. 300 574 894	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA Mines	100.00
CNS - COMPAGNIE NUCLÉAIRE DE SERVICES	Limited liability company with a Board of Directors	6,573,400	Nanterre Trade and company Register no. 401 649 363	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	51.00
EURODIF	Limited liability company with a Supervisory Board	152,500,000	Nanterre Trade and company Register no. 723 001 889	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	81.87
EURODIF PRODUCTION	Limited liability company with a Board of Directors	1,525,000	Valence Trade and company Register no. 307 146 472	Usine Georges BESSE, Site du Tricastin 26700 PIERRELATTE	Eurodif	81.87
GIE USLH 2 - GROUPEMENT UTILITÉ DU SITE DE LA HAGUE 2	Economic interest grouping	0	Cherbourg Trade and company Register no. 810 153 445	901 Route Départementale 50440 HERQUEVILLE	AREVA NC	50.00
LEMARÉCHAL CÉLESTIN	Simplified joint stock company	1,361,710	Cherbourg Trade and company Register no. 582 650 297	Rue des Entrepreneurs, Z.A. d'Armanville 50700 VALOGNES	TN International (AREVA TN)	100.00
MSIS ASSISTANCE - MAINTENANCE SÉCURITÉ INSTALLATION SERVICE	Simplified joint stock company	594,750	Evry Trade and company Register no. 327 492 336	1 Route de la Noue, ZAC de Courcelles 91196 GIF SUR YVETTE	STMI	73.86
POLINORSUD	Simplified joint stock company	506,300	Tours Trade and company Register no. 343 008 231	ZAC Ecopôle du Véron, Lot n° 5 37420 AVOINE	STMI	73.86
SAINT DIZIER PARC ENERGIE	Limited liability company with a Board of Directors	400,000	Chaumont Trade and company Register no. 502 699 556	Zone de Référence de Haute Marne 52100 BETTANCOURT LA FERREE	AREVAELFI	59.95
SC CREGU - CENTRE DE RECHERCHE SUR LA GÉOLOGIE DES MATIÈRES PREMIÈRES MINÉRALES ET ÉNERGÉTIQUES	Professional partnership	15,244.91	Nancy Trade and company Register no. 315 335 950	4 rue Piroux - Immeuble Thiers - 9ème étage 54000 NANCY	AREVA Mines	50.10

NAME OR COMPANY NAME	LEGAL FORM	SHARE CAPITAL	BUSINESS REGISTER	ADDRESS	MINORITY SHAREHOLDER	INDIRECT FINANCIAL % OF NEW AREVA HOLDING IN THE COMPANY
SCI DU PONT DE CELLES - SOCIÉTÉ CIVILE IMMOBILIÈRE DU PONT DE CELLES	Property partnership	15,000	Montpellier Trade and company Register no. 317 898 815	41 Avenue de Fumel 34700 LODEVE	SEPIS	100.00
SCI SOCIMAR – SCI DU SITE DE MARCOULE	Property partnership	2,000	Nanterre Trade and company Register no. 443 324 306	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	SEPIS	100.00
SCI SOPARIM	Property partnership	1,500,000	Nanterre Trade and company Register no. 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 Trade and company Register no. 310 232 889	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	100.00
SET - SOCIÉTÉ D'ENRICHISSEMENT DU TRICASTIN	Simplified joint stock company	464 590 000	Nanterre Trade and company Register no. 440 252 666	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	SET AND SET HOLDING	95.00
SET HOLDING - SOCIÉTÉ D'ENRICHISSEMENT DU TRICASTIN HOLDING	Simplified joint stock company	440,087,530	Nanterre Trade and company Register no. 503 993 149	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	95.00
SIGN - SOCIÉTÉ INDUSTRIELLE DE COMBUSTIBLE NUCLÉAIRE	Simplified joint stock company with a sole shareholder	5,000,000	Anncy Trade and company Register no. 325 720 209	4 Rue du Radar 74000 ANNECY	AREVA NC	100.00
SOCATRI - SOCIÉTÉ AUXILIAIRE DU TRICASTIN	Private limited liability company	200,000	Nanterre Trade and company Register no. 302 639 927	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	EURODIF	81.87
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 Trade and company Register no. 303 587 216	1 Place Jean Millier, Tour Areva 92400 COURBEVOIE	AREVA NC	60.00
SOVAGIC - SOCIÉTÉ POUR LA VALORISATION ET LA GESTION D'INFRASTRUCTURES COMMUNES	Private limited liability company	30,500	Cherbourg Trade and company Register no. 327 194 866	Zone Industrielle de Digulleville – Beaumont, BP 710 50440 DIGULLEVILLE	AREVA NC	100.00
STMI - SOCIÉTÉ DES TECHNIQUES EN MILIEU IONISANT	Limited liability company with a Board of Directors	7,259,000	Evry Trade and company Register no. 672 008 489	1 Route de la Noue, ZAC de Courcelles 91196 GIF SUR YVETTE Cedex	CNS	73.86
TN INTERNATIONAL (AREVA TN)	Limited liability company with a Board of Directors	30,291,000	Versailles Trade and company Register no. 602 039 299	1 Rue des Hérons 78180 MONTIGNY LE BRETONNEUX	AREVA NC	100.00
TRIHOM	Simplified joint stock company	52,566.75	Tours Trade and company Register no. 378 649 040	ZAC des Grands Clos 37420 AVOINE	STMI	48.75

8.8 Corporate Social Responsibility report (CSR)

NEW AREVA

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

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 in various fields – human resources, diversity, security, occupational health and safety, the environment and ethics. As part of its corporate development plan, New AREVA has defined the values that should be embodied by all of its employees. Among these values, integrity governs New AREVA'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

Following its creation on July 1, 2016, New AREVA went through a first year of autonomous operation within the AREVA group, before it started performing its activities in a fully autonomous way on July 27, 2017. Those months were marked by the ongoing implementation of the performance plan, which included a workforce reduction component. Another major focus was the preparation of the period following the capital increase, involving extensive social dialogue with employee representatives.

1.1.1. EMPLOYMENT

Total workforce and distribution of employees by gender, age and region

At August 31, 2017, the New AREVA group had 19,196¹ employees, compared to 18,341 at end-December 2016.

Breakdown of registered employees by business within the group’s consolidation scope

	08/2017	2016
Mining	3,823	3,449
Front End (Chemistry-Enrichment)	2,706	2,807
Back End (Recycling, Dismantling and Services, Logistics)	10,582	10,915
Corporate and other operations	2,625	1,170
TOTAL	19,196	18,341

Close to 98% of the group’s workforce was divided among five countries: France, Kazakhstan, Niger, the United States and Canada.

¹ Including pro-rata recognition of the percentage interest of joint ventures not constituted in Canada.

Engineers and managers represented over one-fourth of the workforce (29%), while technical and administrative personnel account for a little more than half (52.3%). Skilled workers represented 18.6% of the workforce at August 31, 2017. Worldwide, women represented 28.8% of the engineers and managers at the end of August 2017.

Employees by gender*	08/2017	2016
Women (worldwide)	20.9%	20.7%
Men (worldwide)	79.1%	79.3%
Women in executive positions	7.0%	11.0%
Women in governance bodies (Boards of Directors)	21.0%	37.0%
Women in management positions	26.8%	25.9%
Women in non-management positions	18.4%	18.6%
Employees by age group*		
Below age 21	0.03%	0.02%
Ages 21 to 30	12.2%	12.5%
Ages 31 to 40	29.2%	27.9%
Ages 41 to 50	26.7%	27.0%
Ages 51 to 60	29.8%	30.1%
Above age 60	2.2%	2.4%
Employees by region*		
France	78.4%	78.2%
Asia-Pacific	8.1%	8.2%
North and South America	6.7%	6.5%
Africa and Middle East	5.9%	6.1%
Europe (excluding France)	0.9%	0.9%
Employees by occupational category*		
Engineers and management staff	29.0%	29.2%
Technical and administrative personnel	52.3%	52.2%
Skilled workers	18.6%	18.6%

* % calculated based on employees working under permanent contracts, and on a like-for-like basis

1.1.2. HIRES AND REDUNDANCIES

The increase in the number of employees is due to the transfer, on January 1, 2017, of the engineering operations of the nuclear fuel cycle of AREVA NP to New AREVA.

On a like-for-like basis, in the first eight months of 2017, the workforce was reduced by nearly 600 employees worldwide, including 438 employees in France. This reduction was due to the implementation of the final phases of the Voluntary Departure Plans over a footprint representing 70% of the national workforce (AREVA NC, AREVA BUSINESS SUPPORT, AREVA Mines, SET, Eurodif Production, AREVA Projet²), as well as the sale of MAINCO involving 125 employees.

Overall, these Voluntary Departure Plans will have resulted in 1,233 employee departures, of which 64% under various retirement or early retirement schemes and 36% relating to employees who left the group.

The number of new hires also remained under control (585 hires under permanent contracts, of which 419 in France, mainly in Dismantling and Services, with 210 hires). The workforce stabilized at 19,196 employees (including the share from unincorporated joint ventures in Canada) at the end of August 2017.

² Engineering operations of the nuclear fuel cycle.

Nevertheless, in the aim of securing its skills, the Group maintained its efforts to recruit staff under a work-study program in France in March 2017. At the end of August, there were nearly 500 work-study employees within the Group.

	January–August 2017
Number of external hires (permanent and fixed-term employment contracts)	994
Number of redundancies (permanent employees)	99

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. A managerial initiative to steer critical skills was decided upon. It is built around:

- a project manager with a network of discipline/BU 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.

To this effect, after 18 months of suspension, new impetus was given to School relations. A new target of some thirty prestigious colleges and universities was identified, in keeping with New AREVA’s professions, and over 20 partnerships were formed in French regions with vocational high schools, technology colleges, etc. The targeted schools/universities benefited from 67% of the Company’s 2017 contribution in terms of category B apprenticeship tax.

A program of 26 forums was defined for the beginning of the 2017/2018 school year, and a community of internal ambassadors was formed (50 employees, including 40% women) to assist the central recruitment teams during events dedicated to recruitment. Moreover, new sourcing methods are being rolled out, with the increased use of social media, the Company is thus reforming its mode of communication with its novice and experienced candidate targets (trade focuses, chat on Job Teaser, Snapchat, etc.).

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. After two years of stringent budget restrictions, a budget of wage measures amounting to 1.6% of the payroll of each company was negotiated for 2017 across the New AREVA group within the framework of New AREVA's 2017 labor agreement ("Contrat social New AREVA 2017").

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 New AREVA 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 group entities in the following countries: Germany, Canada, China, the United States, France and the United Kingdom.

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 2017 for 2016 represented a total of close to 42.6 million euros for all of the companies in the New AREVA footprint. Employees chose to invest 69.7% of the optional profit-sharing and 70.1% of the mandatory profit-sharing paid in 2017 in the group savings plan of AREVA SA.

Furthermore, in all the Group companies, optional profit-sharing was capped at 4% of payroll, with the trigger for calculating optional profit-sharing based on a financial criterion.

Within the framework of New AREVA's 2017 labor agreement ("Contrat social New AREVA 2017"), a Group-wide profit-sharing scheme was introduced in 2017, based on an overriding formula corresponding to 3% of the Group's operating income.

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. This plan is still in force at New AREVA Holding for the period post July 27, 2017. New AREVA Holding's share of funds outstanding in the AREVA GSP represented more than 419 million euros at August 31, 2017.

In the United States, a 401(K) retirement plan allows employees to voluntarily save for their retirement. New 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 five 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.

A telecommuting survey was conducted with the managers and employees concerned. The results will be released in the 2nd half of 2017;

- 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, i.e. 40 hours per week.

Absenteeism

The method for collecting and calculating annual absenteeism data has been in place since 2013. It covers the group's largest footprints, representing 96% of New AREVA's global workforce.³

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

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 have been meeting on a regular basis since the month of January 2017:

- 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 provide information to employee representatives on the implementation of the public takeover bid and finalizing of the group's transformation.

Moreover, the trade unions and management negotiated five agreements in the first half of 2017:

- an agreement, signed by the five trade unions, concerning New AREVA's 2017 labor agreement ("Contrat social New AREVA 2017"). This agreement defines the basis of the 2017 wage policy and covers the company's commitments in terms of skills management and staff recruitment, including for work-study positions. The agreement also provides for an optional increase in working time (to 215 days) for engineers and managers;
- an agreement on the set-up of a mandatory group profit-sharing scheme;
- an agreement on the introduction of a new working time account on January 1, 2018, with a set limit and without any matching contribution from the employer;
- an agreement on the set-up of a collective retirement savings scheme;
- an agreement on the employment of persons with disabilities.

³ 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, occupational injuries and commuting accidents) or for caring for a sick child, per permanent employee. The definitions reflect the variety of local practices.

Furthermore, following the capital increases that took place at the end of July, the trade unions and management signed four agreements governing labor relations throughout New AREVA (introduction of group trade union coordinators, resources allocated to labor relations, creation of a New AREVA group committee and a group Health, Safety and Working Conditions Committee (CHSCT)).

Note that Technicatome was sold in the first quarter of 2017, while Mainco was sold in the second half of 2017. In accordance with legal requirements, employee representatives were informed and consulted prior to these disposals.

Another noteworthy event was the set-up of the company AREVA Project at the beginning of January 2017.

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 May 31, 2012 on the improvement of the Quality of Working Life. This agreement was renewed on April 2, 2015. It continues to apply to the activities of New AREVA. It is jointly overseen by the Safety-Health-Security-Environment Department and the Human Resources Department of New AREVA, through quarterly Pilot Committee meetings focused on the quality of life in the workplace and the prevention of occupational stress. During the Committee's confidential meetings with coordinating physicians of the group's three 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.

As part of its occupational stress prevention policy, the New AREVA group set up 35 programs to listen to and counsel all of its employees in France. It also conducted 23 surveys in France (now covering 100% of the workforce), enabling it to identify risk factors and propose occupational stress prevention actions. In that context, the Safety-Health-Security-Environment Department set up a specific program for expatriate personnel and their families.

Since 2010, the Group has also provided occupational stress prevention training to 300 members of Management Committees and to more than 1,230 line managers. Special training for the Human Resources function and the members of Health, Safety and Working Conditions Committees (CHSCT) was deployed over the year, and close to 150 people were trained in 2015 and 2016, bringing the total to nearly 1,680 people. In 2017, an e-learning course was also rolled out on that topic.

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, nearly 100 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). They all share the same system of management and operation, closely linked to recruitment and mobility services.

To meet the skills management challenge posed by the implementation of the Group's new organizational structure and the New AREVA/New NP demerger, a training project was launched in spring 2017. Its aim is to produce a training offering targeting in particular technical jobs and the acquisition of the skills required by New AREVA.

The online roll-out of a "priority training" offering was prepared, based on a survey of existing in-house courses provided within the different BUs or in a cross-functional way, allowing access via a search engine to over 250 training courses, covering 17 themes. Each course is described in a detailed and consistent way: objectives, content, target, prerequisites, teaching methods, duration, venue, etc.

Some fifteen "**technical skills pathways**", from Mines to Dismantling, were set up to provide better visibility of the skills associated with New AREVA's core activities and the paths to acquiring these skills and progressing within these activities. Some of these pathways lead to qualifications or diplomas.

This first offering rests, in some cases, on the training resources available within certain BUs (Mines, D&S, AREVA Projet, Recycling, etc.) or on external partnerships with bodies selected on the strength of their technical specialization, their quality, or their contribution to the major challenge of skills management. The offering often combines both.

This New AREVA training offering will gradually be enhanced and will be reviewed each year, depending on the demand recorded, the technical requirements and the projects under way.

The launch of this first offering is a first step, with the adoption of a new HR information system that should allow a much higher level of interactivity, including the possibility of registering online for certain modules. It also constitutes a first step in an in-depth reform of training management, with the aim of: combining annual interviews and training campaigns, promoting training programs (modular or multimodal programs potentially leading to certificates, qualifications or diplomas), as well as liberalizing content not associated with either "regulatory" (representing 45% of training programs) or "co-opted" training, such as managerial cycles (5% of programs), by relying in particular on content digitalization resources.

Total hours of training

In France, nearly 450,000 hours of training were provided in 2016, giving an average of 33.6 hours of training per employee.

Number of hours of training per permanent employee per year	2016	2015
France	33.6	31

The 2017 data for France will be available at the end of April 2018.

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 initially scheduled for mid-2016 was postponed to end-2017 due to the transformation plan. It will be carried out solely 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.

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, through the signing of nine agreements in New AREVA's various subsidiaries.

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 issues 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 the work-life balance, increasing employee awareness, and communicating with employees. It was renewed on June 28, 2016 and is applicable mutatis mutandis to New AREVA.

The agreement provides for an equal opportunity budget at AREVA SA used to offset unjustified compensation gaps at equal levels of responsibility. This provision was included under New AREVA's 2017 labor agreement ("Contrat social New AREVA 2017").

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 August 2017, women represented 31% of all hires and 42% of the hires for management positions; women represented 21% 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.

On April 25, 2017, a 4th agreement was signed with labor partners, covering the whole of the AREVA group but only for 2017, as an interim agreement. Negotiations for a new three-year agreement solely covering the New AREVA scope should begin at the end of 2017.

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 nine instances of discrimination or alleged discriminatory behaviors. In 2016, out of eight alerts, two proved effective and gave rise to corrective actions.

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 the Code of Ethics of AREVA SA, applicable mutatis mutandis to New AREVA, the latter 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.

Respect for the freedom of association and the right to collective bargaining

Respecting the ten 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.

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.

At the beginning of 2017, the group rolled out a new proactive triennial health, safety and radiation protection policy 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 suffered two deaths during the period from January 1 to August 31, 2017:

- a fatal accident took place in Niger on the Cominak site (Mines Business Unit) due to rock falls in the Mining tunnel. The victim was an employee of the New AREVA group. An inquiry is under way to determine the precise circumstances surrounding this accident;
- the death of a subcontractor who suffered cardiac/respiratory arrest on the Tricastin platform.

OCCUPATIONAL HEALTH AND SAFETY DATA

Occupational safety data	Aug. 31, 2017
Accident frequency rate with lost time (excluding commuting accidents)	2.2
Of which AREVA NC	3.2
Of which AREVA TNI	0
Of which AREVA PROJET	0.9
Accident severity rate (accidents reported during the year, excluding commuting accidents)	0.06
Of which AREVA NC	0.09
Of which AREVA TNI	0
Of which AREVA PROJET	0.002
Number of fatal accidents	1
Of which AREVA NC	0
Of which AREVA TNI	0
Of which AREVA PROJET	0

The risks associated with radiation and New AREVA's proactive radiation protection policy are outlined in Section 3.1.3.1. of the annual activity report on *nuclear risk*.

Due to the time needed to obtain the results of passive dosimetry analyses (also called benchmark dosimetry) and the annual schedule for input of these data in the Group's reporting software, the annual radiation protection results are always expressed from July 1 of year n-2 to June 30 of year n-1. The latest available data are thus those of the period from July 1, 2015 to June 30, 2016.

The average radiation exposure of New AREVA employees over 12 consecutive months remained very low, at 0.87 mSv, below the maximum regulatory dose set for the general public (1 mSv).

Consistent with the group's objective, no New AREVA employee received an individual dose of more than 20 mSv over 12 consecutive months. 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)	0.87
AREVA NC	0.525
AREVA TNI	0.05
AREVA PROJET	0.005
Total individual external dose to New AREVA employees over 12 consecutive months (man millisievert)	9,435
Of which AREVA NC	5,400
Of which AREVA TNI	6.25
Of which AREVA PROJET	5
Total individual internal dose to New AREVA employees over 12 consecutive months (man millisievert)	3,422
	0

Of which AREVA NC	0
Of which AREVA TNI	0
Of which AREVA PROJET	
<hr/>	
Average subcontractor dose from radiation exposure over 12 consecutive months (mSv)	0.46
AREVA NC	0.21
AREVA TNI	0.17
AREVA PROJET	0
<hr/>	
Occupational diseases*	9
Of which AREVA NC	9
Of which AREVA TNI	0
Of which AREVA PROJET	0
<hr/>	

* Due to the annual schedule for input of these data in the group's reporting software, the latest available data are those for the period running from *July 1, 2015 to June 30, 2016*. These results will be updated when full-year 2017 data is available.

New AREVA received a limited number of claims for occupational diseases concerning various disorders, in particular for musculoskeletal disorders.

2. ENVIRONMENTAL INFORMATION

2.1. GENERAL ENVIRONMENTAL POLICY

2.1.1. ENVIRONMENTAL SAFETY POLICY PURSUED BY THE NEW AREVA GROUP

The 2017-2020 environmental safety policy covers the activities performed by the operating entities as part of their duties as operators of nuclear or high-risk facilities, as contract operators, or as service providers in France and internationally.

It applies to all players involved, throughout the facilities' life cycle, from their design to their dismantling. It is also applicable to external subcontractors and is appended to the corresponding contracts.

This policy aims to ensure a permanently high level of safety in the facilities, for products and services, and increase operational discipline so it becomes a daily concern for operating management and all the personnel involved. It also ensures that risk prevention and environment protection are considered as priorities, so that they are taken into account in each of the processes implemented in the Group's activities. The policy must be adopted by all entities in the form of action plans, based on thorough understanding of the implications, and the principles of transparency and dialogue with internal and external stakeholders.

Beyond any technical adjustments that may be required to improve the reliability of the facilities, processes and equipment, this policy is primarily aimed at changing people's behaviors and know-how, implementing skill upgrading programs on both technical and managerial levels, and sustainably mobilizing the human and financial resources required for the Group's new projects.

It revolves around three major topics: the safety of the facilities, operational safety, and management performance. Each of these topics breaks down into four lines of action, rolled out every year in the form of action plans associated with monitoring and performance indicators.

Regarding the safety of the facilities, the policy revolves around four action plans, the first of which concerns the design, building and renovation of industrial facilities. The second deals with compliance, while the third concerns the impact of our industrial activities on the environment and the fourth targets more specifically the Group's dismantling activities.

Regarding operational safety, the policy aims to improve the following aspects: the quality of operating practices, the control of subcontracted activities, experience sharing, improving the taking into account of human and organizational factors (HOF) and, in particular, practices to increase reliability.

Lastly, regarding management performance, the policy aims to increase the presence of managers on the ground, assess their skills and seek to develop a safety culture, as well as evaluate the independent safety sector and the quality of the safety files produced.

For each of these aspects, the goal is to develop disciplined behaviors in order to obtain stringent operational practices in keeping with the interests at stake.

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 behalf of the executive management, a body of inspectors, who is independent of the chain of command, is tasked with verifying that responsibilities are correctly assumed, detecting any 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 RANKED ON THE INES⁴ SCALE IN THE GROUP'S NUCLEAR ENTITIES (OWNER-OPERATORS, CONTRACT OPERATORS AND SERVICE PROVIDERS) OR DURING THE SHIPMENT OF RADIOACTIVE MATERIALS OVER THE PERIOD FROM JANUARY 1 TO AUGUST 31, 2017

	<i>Level 0</i>	<i>Level 1</i>	<i>Level 2</i>
Period from January 1 to August 31, 2017	71	7	0
Of which AREVA NC	70	7	0
Of which AREVA TNI	1	0	0
Of which AREVA PROJET	0	0	0

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, chemical risks, human and organizational factors (HOF), significant event analysis, and occupational safety for target groups.

⁴ International Nuclear Event Scale

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.

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.

Moreover, 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 7,758 million euros had been set aside as of August 31, 2017 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 relating to nuclear facility dismantling and radioactive waste retrieval and packaging amounted to €7,480 million, of which €7,365 million for New AREVA Holding (see Appendix 8.1 *Notes to the consolidated financial statements for the period ended August 31, 2017*, Note 12. *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 safety 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 focus on: combatting climate change and the proliferation of invasive species, managing risks related to changes in land use and to the potential impacts of industrial discharges and other pollution, and working towards the sustainable use of natural resources.

2.2.2. SOIL MANAGEMENT

The objectives of New AREVA's environmental safety policy are to reduce and manage all of our negative environmental impacts. 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. 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 hazard assessments that focus on the neighboring populations who might be chronically or acutely exposed to facility discharges. 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 conducted for each new facility and for each significant 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 RISKS

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 environmental safety policy, the focus is on the prevention and management of environmental hazards, particularly operational risks, based on periodic updates to the hazard analyses for the industrial sites (see Section 3.1.3.2.1. *Seveso risks* of the annual activity report).

2.3. ENVIRONMENTAL PERFORMANCE

Foreword on environmental data: Since the data are uploaded into the Group's reporting system on an annual basis, the results for the period running from January 1 to August 31, 2017 have been estimated based on the 2016 data, prorated to the number of months and taking into account the changes in scope. These results will be updated when full-year 2017 data is available.

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 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 New AREVA's 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:

- 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;
- 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

For the period from January 1 to August 31, 2017, New AREVA's total energy consumption is estimated at 1,454 GWh.

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

For the period from January 1 to August 31, 2017, the group's total water consumption is estimated at 7.2 million m³.

2.3.4. WASTE

Conventional waste

For the period from January 1 to August 31, 2017, the gross production of conventional waste is estimated at 15,323 metric tons, breaking down as follows:

- 5,427 metric tons of hazardous waste, including 1,453 metric tons from exceptional operations;
- 9,898 metric tons of non-hazardous waste, including 4,795 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 the most suitable methods for materials recycling and waste reuse;
- 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)	followed by conventional disposal	Research carried out under French law of June 28, 2006 (deep disposal, 500 meters)	
High-level waste (HLW)		Research carried out under the French law of June 28, 2006 (storage in deep geological strata, at 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 waste management method is thus defined as part of a graduated approach to the risks and impacts as regards costs (human, financial, environmental, etc.) and the benefits expected from the use of a waste management 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 source, with the goal of "zero waste" in design and operation; waste likely to be radioactive is separated from conventional waste based in particular on a facility "zoning" policy. This policy is continually optimized to minimize quantities of radioactive waste.
- 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 year 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 website of ANDRA's national inventory of radioactive waste and materials: http://www.inventaire.andra.fr/inventaire?field_stocks_year_target_id=51773®ion=All&departement=51068&exploitant=50275&categorie=All&famille=All&=Appliquer

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 some 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 that 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
- releases of gases such as volatile organic compounds (VOC), acid-forming gases and ozone-depleting gases.

Greenhouse gas releases

New AREVA implements a proactive strategy for reducing its direct emissions of greenhouse gases. The aim of the current environmental safety policy is to maintain a high level of performance in terms of environmental footprint.

For the period from January 1 to August 31, 2017, direct GHG emissions are estimated at 242,203 metric tons of CO₂ equivalent.

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 impact of the La Hague site has been reduced by a factor of five to seven over the past 30 years. The impact on the reference group has 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 (As Low as Reasonably Achievable) initiative: as low as reasonably achievable given the current state of technical knowledge of economic and social factors) 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 less than or equal to 0.01 mSv⁽⁵⁾.

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.

⁽⁵⁾ To be compared with the average of about 2.9 mSv per year for naturally occurring exposure in France (source: IRSN, 2016).

2.4. ENVIRONMENTAL PERFORMANCE IMPROVEMENT*

	over the period from January 1 to August 31, 2017
Consumption	
Quantity of energy consumed (MWh)	1,453,599
Of which AREVA NC	932,303
Of which AREVA TNI	1,681
Of which AREVA PROJET	4,967
Quantity of water tapped (m ³)	7,200,448
Of which AREVA NC	2,588,661
Of which AREVA TNI	2,201
Of which AREVA PROJET	11,784
Conventional waste	
Total tonnage of conventional waste (normal and exceptional operations)	15,323
Of which AREVA NC	10,861
Of which AREVA TNI	4
Of which AREVA PROJET	184
Quantity of hazardous waste (MT) related to normal operations	3,973
Of which AREVA NC	1,709
Of which AREVA TNI	0
Of which AREVA PROJET	66
Quantity of non-hazardous waste (MT) related to normal operations	5,101
Of which AREVA NC	3,000
Of which AREVA TNI	4
Of which AREVA PROJET	105
Releases	
Direct greenhouse gases (MT CO _{2e})	✓ ⁽¹⁾ 242,203
Of which AREVA NC	117,032
Of which AREVA TNI	158
Of which AREVA PROJET	377
Indirect Scope 2 greenhouse gases	110,148
Of which AREVA NC	9,765
Of which AREVA TNI	80
Of which AREVA PROJET	321
Volatile organic compounds (MT VOC)	736
Of which AREVA NC	33
Of which AREVA TNI	0
Of which AREVA PROJET	0

(1) Indicator subject to reasonable assurance.

* : Since the data are uploaded into the group's reporting system on an annual basis, the results for the period running from January 1 to August 31, 2017 have been estimated based on the 2016 data, prorated to the number of months and taking into account the changes in scope. These results will be updated when full-year 2017 data is available.

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, the AREVA group 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.

The master agreement for the implementation of the revitalization plan, signed between the French State and AREVA in October 2016, covers five local agreements signed in late 2016 and early 2017 in the following regions and departments: Ile-de-France, Manche, Aude, Tricastin-Marcoule platform (Drôme, Gard and Vaucluse) and Saône-et-Loire. The ultimate goal of the revitalization action plan is to create a thousand jobs in the areas impacted near affected AREVA sites.

In accordance with the company's social and environmental values, New AREVA draws on its knowledge of the impacted communities to carry out actions suited to the specific features of each employment area. This is done in synergy and in keeping with the development dynamics specific to each community.

As part of its revitalization plan, the Group supports labor sectors experiencing shortages and projects led by small and medium sized businesses in the manufacturing and industrial services sector, particularly in the nuclear industry, and attaches particular importance to the sustainability of the activities generated by those projects. Revitalization actions 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 local authorities, 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. 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

The New AREVA group, and all of the companies in the Group, are subject to a certain number of rules and procedures regarding professional ethics and the prevention of corruption, as described in AREVA's Code of Ethics (see Appendix 1 *Code of Ethics* hereunder). This code is applicable mutatis mutandis to the New AREVA Group.

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 all applicable laws and regulations in the countries in which it operates.

With regard to customers

In order to satisfy and anticipate their requirements, the Group constantly listens to its customers 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 committed 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 general 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 regular suppliers directly related to its core activities, subcontractors, financial partners, consultants and selling intermediaries (distributors, agents, etc.) abide by 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.

NEW AREVA

METHODOLOGY USED FOR THE REPORTING OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

The indicators published in Section 5 and Appendix 8.8 of this report measure the main social, environmental and societal impacts and implications of AREVA's operations.

Produced by a group of experts from the Group's various functions and businesses, they fit into the regulatory framework of Article R. 225-105-1 of the French Commercial Code, as well as applicable international standards such as the GRI version 3⁽¹⁾ and WBSCD standards⁽²⁾.

SCOPE AND CONSOLIDATION

Reporting period: The reporting period is that of the civil year (from January 1 to August 31).

Since the data are uploaded into the group's reporting system on an annual basis, the results for the period running from January 1 to August 31, 2017 have been estimated based on the 2016 data, prorated to the number of months and taking into account the changes in scope. These results will be updated when full-year 2017 data is available.

Scope covered: The report covers all of the Group's operations worldwide. The word "Group" refers to AREVA, its subsidiaries and all of the operational and functional entities present at August 31, 2017 and in which AREVA holds a stake of at least 50%. Certain minority-owned subsidiaries are exceptionally included in the same way as majority-owned subsidiaries due to the Group's operational involvement (e.g. Cominak in Niger). The units whose sale was irrevocably initiated in 2017 were excluded from the scope. Newly acquired entities are not consolidated during the year of their acquisition in order to set up data collection and data recording structures and ensure the reliability of the data.

Tertiary facilities whose total surface area is less than 1,000 m² must, as a minimum, report data concerning health, safety, employment and dosimetry (if applicable) and, if possible, data concerning the other areas of the reporting protocol in the event that these are significant for the facility.

Consolidation rules: Concerning "Environment, Health and Safety" data, the method used is that of full consolidation (the data of majority-owned subsidiaries are fully consolidated). Concerning Human Resource data, the method used is that of financial consolidation. The data of the subsidiaries in which AREVA holds a minority stake are thus reported in proportion to AREVA's interests. For projects conducted on client premises, the social data (health, safety, workforce, dosimetry) are consolidated at Group level. For AREVA investment projects (e.g. Comurhex II, Georges Besse II), all environmental, health, safety and social data are consolidated at Group level.

Change in consolidated group: For 2017, the main changes in scope concern the following:

- deconsolidation: Mainco, AREVA NC Cadarache.

METHODOLOGY

Benchmark: The methods used for the calculation of environmental, social and safety indicators, as well as the associated reporting procedures, are formalized in the "AREVA sustainable development and continuous improvement" protocol for measurement and reporting. This protocol is updated every year and disseminated to all of the persons involved, at all data preparation and reporting levels.

Tools deployed: The reporting related to the various indicators presented in Section 5 and Appendix 8.8 is done using dedicated software (STAR for environmental indicators, AHEAD for safety and POLYPHEME for social data).

Internal control: The consistency of the data reported by the establishments is verified by site managers and the Business Units' HSE managers.

⁽¹⁾ Global Reporting Initiative (www.globalreporting.org).

⁽²⁾ The GHG Protocol is produced by WBSCD (World Business Council for Sustainable Development, www.wbcsd.org) and WRI (World Resources Institute).

External audit: The Group had its main environmental, social and societal performance indicators audited by an independent third-party organization. The scope of the audit was defined in view of the 42 categories of information listed in the Decree implementing Article 225 of the Grenelle II law. In accordance with this law, the audit covers the consolidated social, environmental and societal information presented in Section 5 and Appendix 8.8 of this Annual Activity Report. The independent third-party report on this information is presented hereinafter in Appendix 8.8.

DETAILS CONCERNING CERTAIN INDICATORS

Dosimetry: The dosimetry data are collected half-yearly and concern a reference period of twelve consecutive months, with a six-month time lag due to the time it takes to obtain the results (e.g. for the annual campaign conducted in January 2017, the data concern the period from July 2015 to June 2016). Since the data are uploaded into the Group's reporting system on an annual basis, the latest available data are from 2016. These results will be updated when full-year 2017 data is available.

The calculation of the average radiation exposure (internal and external) covers all of the persons monitored, including those for whom the dose received is nil or non-detectable. For confidentiality reasons, the internal dosimetry was not reviewed by the independent third-party organization. For this indicator, the review only covers the sum of individual external doses resulting from the Group employees' occupational exposure to ionizing radiation.

Direct greenhouse gas emissions: The gases taken into account are the following: CO₂, CH₄, N₂O and halogen compounds (CFC, HCFC, HFC, PFC and SF₆). The data included in this report do not cover indirect GHG emissions linked to electricity, heating or cooling purchases.

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.

Account closure as of August 31, 2017

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.

Account closure as of August 31, 2017

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 accounting period ended August 31, 2017, 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)

Our verification work was undertaken by a team of three people between September and October 2017 for an estimated duration of five 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 three 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 which we chose⁴, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook analytical procedures aiming at verifying the consistency of quantitative information reported.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

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.

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, Areva Projets, TN International.

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.

Observation

Without calling into question the above conclusion, we draw your attention to the fact that, given the exceptional nature of this account closure, brought forward to the 31st of August 2017, several environmental indicators⁵ were reported on the basis of data collected during year ended December 31, 2016 and extrapolated over eight months, taking into account the continuity of production activities over this period of time.

Paris-La Défense, November 10, 2017

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Christophe Schmeitzky

Bruno Perrin

Partner, Sustainable Development

Partner

⁵ VOC emissions, tons of conventional waste, energy consumption, water consumption, greenhouse gas emissions (Scope 1 and 2)

8.9 Report of the Board of Directors on the principles and criteria for determining, distributing and allocating fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the officers of the Company (Article L. 225-37-2 of the French Commercial Code)

**Report of the Board of Directors on the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the officers of the Company
(Article L. 225-37-2 of the French Commercial Code)**

Dear Shareholders,

The General Meeting of Shareholders of New AREVA Holding (the “**Company**”) was convened by the Board of Directors for July 27, 2017 at 10:45 AM at the Company’s head office (“the **General Meeting**”).

In this report, prepared in accordance with Article L.225-37-2 of the French Commercial Code arising from Law No. 2016-1691 of December 9, 2016 concerning transparency, the fight against corruption and the modernization of economic life, known as the “Sapin 2 Law”, and Decree No. 2017-340 of March 16, 2017, we present the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total compensation and benefits of all kinds to be awarded to New AREVA Holding’s officers.

As a reminder, in view of the fact that this company’s securities are admitted for trading on a regulated market, Article L. 225-100 of the French Commercial Code provides that the amounts resulting from the implementation of these principles and criteria shall be subject to the shareholders’ approval at the General Meeting convened to approve the 2017 financial statements. The payment of amounts qualified as variable or exceptional compensation in respect of the fiscal year ending December 31, 2017 will be subject to that approval.

The compensation policy for officers was examined by AREVA’s Compensation and Nominating Committee on July 24, 2017 (pending the set-up of New AREVA Holding’s own Compensation and Nominating Committee due to take place at the same time as the set-up of the new governance following the capital increase to be carried out by July 31, 2017) and was approved by the Board of Directors at its meeting of July 26, 2017, under the condition precedent of the adoption by the next General Meeting of the resolutions aimed at modifying the Company’s governance.

1. General principles of the compensation policy applicable to officers

The major principles of the compensation policy are laid down by the Board of Directors on the advice of the Compensation and Nominating Committee. In accordance with the governance structure to be set up after the next General Meeting, the Company’s officers will be:

- the Chairman of the Board of Directors (non-executive officers); and
- the Chief Executive Officer (executive officer).

The compensation policy defined by the Board of Directors for non-executive and executive officers is established in accordance with:

- the requirements of Article 3 of Decree No. 53-707 of August 9, 1953 concerning the French state’s control over domestic public sector companies and certain organizations with an economic or social purpose, as amended by Decree No. 2012-915 of July 26, 2012 capping the compensation⁽¹⁾ of executives to 450,000 euros (the **Ceiling**) and subjecting it to ministerial authorization;

⁽¹⁾ This concerns the attendance fees or indemnities awarded notably to directors and the components of the officers’ activity-related compensation. Benefits of any kind related to activities, as well as the compensation components, indemnities or benefits payable or likely to be payable to officers upon the cessation of their activities or upon a change in their positions, or thereafter, are not taken into account in the calculation of this Ceiling but are nonetheless subject to ministerial authorization.

- the relevant recommendations of the Afep-Medef Code, as revised in November 2016, to which the Company intends to refer; and
- the provisions of Decree No. 2017-340 of March 16, 2017.

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 director compensation.

2. Principles and criteria for determining, distributing and allocating the different components of compensation currently provided by type of duties

2.1 - Chairman of the Board of Directors

A - Fixed compensation

The Chairman of the Board of Directors receives fixed annual compensation within the limit of the Ceiling, to the exclusion of any other component of compensation except for attendance fees.

The amount of this fixed component is determined on the basis of personal criteria (including work history, experience, length of service and responsibilities), industry-specific criteria, and criteria related to the general economic environment and the Company's public shareholding position.

It will be proposed that Mr. Varin's fixed annual compensation be set at 120,000 euros as from the date of the Board's decision and until December 31, 2017 (notwithstanding the ending of the financial year on August 31, 2017).

This decision shall be submitted to the approval of the Minister of the Economy in accordance with Article 3 of Decree No. 53-707 of August 9, 1953 as amended concerning the French state's control of domestic public-sector companies and certain organizations with an economic or social purpose.

B - Attendance fees

The General Meeting will be asked to approve the setting of the total annual amount of attendance fees as follows:

- 300,000 euros for the overall amount of attendance fees allocated to the members of the Board of Directors for the period starting on the date of said Meeting and running until December 31, 2017; and
- 600,000 euros for the overall amount of attendance fees allocated to the members of the Board of Directors for the period starting on January 1, 2018 and ending at the close of the 2018 fiscal year; this amount will apply to each subsequent financial year until a new decision is adopted by the General Meeting.

This decision shall be submitted to the approval of the Minister of the Economy in accordance with Article 3 of Decree No. 53-707 of August 9, 1953 as amended concerning the French state's control of domestic public-sector companies and certain organizations with an economic or social purpose.

The Chairman of the Board of Directors may receive attendance fees in respect of his Director's duties, within the limit of the Ceiling.

2.2 - Chief Executive Officer

A - Fixed compensation

The Chief Executive Officer receives fixed annual compensation within the limit of the Ceiling.

The amount of this fixed component is determined on the basis of personal criteria (including work history, experience, length of service and responsibilities), industry-specific criteria, and criteria related to the general economic environment and the Company's public shareholding position.

It will be proposed that Mr. Philippe Knoche's fixed annual compensation be set at 420,000 euros for the duration of his term of office, to be calculated on a prorated basis for 2017.

This decision shall be submitted to the approval of the Minister of the Economy in accordance with Article 3 of Decree No. 53-707 of August 9, 1953 as amended concerning the French state's control of domestic public-sector companies and certain organizations with an economic or social purpose.

B - Variable compensation

Performance-linked variable compensation may be paid to the Chief Executive Officer in addition to his fixed compensation, within the limit of the Ceiling.

Every year, the Board of Directors shall define the precise qualitative and quantitative criteria that will subsequently be used to determine the annual variable compensation.

It is proposed that Mr. Philippe Knoche be awarded annual variable compensation based on the fulfillment of the qualitative objectives (40%) and the quantitative objectives (60%) set for each fiscal year by the Board of Directors. This variable compensation may not exceed the gross amount of 30,000 euros.

This decision shall be submitted to the approval of the Minister of the Economy in accordance with Article 3 of Decree No. 53-707 of August 9, 1953 as amended concerning the French state's control of domestic public-sector companies and certain organizations with an economic or social purpose.

C- Exceptional compensation

In the interest of the group and its stakeholders, exceptional compensation may be paid to officers under specific circumstances. The payment of such compensation, within the limit of the Ceiling, must be justified and the reasons for such payment must be explained.

In all cases, such compensation must comply with the requirements of the Afep-Medef Code and the principles of reasonableness and proper balance between the various interests at stake.

B - Attendance fees

The General Meeting will be asked to approve the setting of the total annual amount of attendance fees as follows:

- 300,000 euros for the overall amount of attendance fees allocated to the members of the Board of Directors for the period starting on the date of said Meeting and running until December 31, 2017; and
- 600,000 euros for the overall amount of attendance fees allocated to the members of the Board of Directors for the period starting on January 1, 2018 and ending at the close of the 2018 fiscal year; this amount will apply to each subsequent financial year until a new decision is adopted by the General Meeting.

This decision shall be submitted to the approval of the Minister of the Economy in accordance with Article 3 of Decree No. 53-707 of August 9, 1953 as amended concerning the French state's control of domestic public-sector companies and certain organizations with an economic or social purpose.

The Chief Executive Officer may receive attendance fees in respect of his Director's duties, within the limit of the Ceiling.

E - Non-cash benefits

The Chief Executive Officer may receive a non-cash benefit in the form of a company vehicle. This non-cash benefit is not part of the capped compensation.

It will be proposed that Mr. Philippe Knoche be awarded an annual non-cash benefit in the form of a company vehicle valued at 4,416 euros, to be calculated on a prorated basis for 2017.

This decision shall be submitted to the approval of the Minister of the Economy in accordance with Article 3 of Decree No. 53-707 of August 9, 1953 as amended concerning the French state's control of domestic public-sector companies and certain organizations with an economic or social purpose.

F - Long-term compensation: free share allocation and allocation of share options

The allocation of performance shares or share options to officers is not allowed.

G - Severance payments

The Chief Executive Officer may be granted a severance payment capped at twice the total amount of his annual compensation on the date of cessation of his duties.

The Chief Executive Officer shall not be eligible for any severance payment if he (i) intends to claim his pension rights shortly after the ending of his term of office for whatever reason, even dismissal, or (ii) comes to hold another position within the Group.

The above-mentioned severance payment shall only be paid in the event of dismissal of the Chief Executive Officer, except for just cause.

The severance payment shall be subject to performance conditions, in accordance with the following criteria:

- if the rate of fulfillment of the quantitative and qualitative objectives set for the last two full fiscal years averages out to at least 60%, the severance payment shall automatically be paid;
- if the rate of fulfillment of the quantitative and qualitative objectives set for the last two full fiscal years averages out to less than 60%, the Board of Directors shall appraise the performance of the person in question in view of the circumstances that affected the operation of the company during the fiscal year ended.

The performance objectives shall be set every year by the Board of Directors.

Moreover, the Board of Directors may decide to grant the Chief Executive Officer an indemnity in return for a non-competition clause. The amount of this indemnity shall be deducted from the amount of any severance payment that may be granted to the Chief Executive Officer under the above terms and conditions. In the absence of any severance payment, the amount of the non-competition indemnity shall be set by the Board of Directors in accordance with usual practices.

Such indemnities are not part of the capped compensation.

It will be proposed that Mr. Philippe Knoche be granted a severance payment in keeping with these criteria, with the understanding that the quantitative and qualitative objectives taken into account for the appraisal of the fulfillment rate will be as follows:

- if the calculation is performed in 2018: the criteria approved by the Board of Directors of AREVA SA in 2017 and 2016;
- if the calculation is performed in 2019: the criteria approved by the Board of Directors of AREVA SA in 2017 and those approved by the Board of Directors of New AREVA Holding in 2018

Consequently, as from 2018, the performance objectives shall be approved each year by the Company's Board of Directors.

H - Other

The Chief Executive Officer may be entitled to:

- unemployment insurance as provided by the Medef scheme (Garantie Sociale des Chefs et Dirigeants d'Entreprise – GSC) for which he pays part of the contributions;
- the supplemental retirement plan applicable to the Company's management personnel.

In respect of the foregoing, we invite you to approve the compensation policy concerning the Chairman of the Board of Directors and the Chief Executive Officer as presented in this report.

The Board of Directors of New AREVA Holding