



 **nexans**

2010 Registration document

Heading in the same direction

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This Registration document contains Nexans' annual financial report for fiscal year 2010.



This Registration document was filed with the Autorité des Marchés Financiers (French stock market authorities) on April 19, 2011 in accordance with article 212-13 of the General Regulations of the AMF. It may be used in connection with a financial transaction only if supplemented by a transaction memorandum which has been reviewed by the AMF.*
This document has been established by the issuer and is binding upon its signatories.

** Free translation from the original French version of the AMF certificate*



As a member of the UN Global Compact, Nexans highlights its commitment to support and implement ten universally-accepted principles in the areas of human rights, labor, environment and anti-corruption.



In December 2010, Nexans was selected to be a member of the Ethibel Excellence Investment Register.

A major player in the cable industry

With 23,700 employees in 40 countries, Nexans provides cabling solutions for the energy Infrastructure, Industry, Building and Local Area Network (LAN) markets. Energy and Transportation are at the core of Nexans' development.

The Group designs cables and cabling systems for the most complex applications and the most demanding environments. Its offering is unique in terms of its range and the array of available related services, which cover the entire value chain – including research, design, manufacturing, installation, training, and network supervision and control.

With its **technological leadership, worldwide expertise and local presence**, Nexans operates around the world to satisfy essential needs while maintaining the highest levels of performance, safety, and respect for the environment.

Nexans is listed on NYSE Euronext Paris.



CUSTOMER ORIENTATION

At Nexans, we are resolutely focused on our customers. We seek to meet their needs today and tomorrow with a responsive approach that offers the right solutions at the right time. Our customized services create value both for our customers and the Group.



COMMITMENT

Nexans' people are crucial to the Group's development. The quality and the commitment of our teams enable us to carry out our strategy successfully.



OPERATIONAL EXCELLENCE

Our business depends on our operational excellence. Every day, we work to exceed expectations and strengthen our competitive edge.



WORK GLOBALLY

One of Nexans' greatest strengths is its ability to tap into its network. Projects are carried out internationally with teams that bring together members from various businesses who share their knowledge and offer fresh perspective to make their projects a success.



"We continued to bolster
our capacities and invest
in the future."



Interview

with Frédéric Vincent

Chairman and CEO

HOW WOULD YOU DESCRIBE 2010?

The first half of the year was challenging due to a number of factors: the slowdown in Western economies, severe weather conditions in Europe, several months of delays for major overhead power line projects launched in Brazil and greater price pressure in the building market, primarily in Europe. We had to deal with extremely volatile exchange rates and prices for raw materials, which meant that we had to be extremely careful in our management. We also had some difficulties completing high-voltage submarine contracts. This is one of our biggest businesses, and it has grown by more than 50% in four years. Corrective measures were put in place in the form of a new organizational structure, and the Group decided to increase the production capacities of the plant in Norway. The situation improved significantly during the last quarter of the year.

The second half of the year marked a more favorable change particularly with the increase in sales in the Building market and low- and medium-voltage distribution cables. Business in the Industry market continued the recovery initiated in the first half of the year, and transmission projects in Brazil were confirmed. We also won some major contracts in the last quarter of the year – for example the Skagerrak 4, Estlink 2 and Malta-Sicily submarine power link projects.

HOW DID NEXANS PERFORM OVER THE YEAR?

We maintained what was essential, and we kept our promises. Sales remained constant at 2009 levels, and we were able to generally offset the challenges that we encountered. Our operating margin stood at 4.8%, slightly higher than we expected. Of course, this is not what we aim for in a normal economic climate, but it

is twice the operating margin we had at the bottom of a cycle. So we are clearly more resilient now.

We are still financially solid; our net debt represents less than 7% of the Group's equity. Our share price rose by over 5%, compared with a 0.06% increase for the SBF 120 index and more than a 3% decrease for the CAC 40 index.

We continued to bolster our capacities and invest in the future.

We pursued our efforts to optimize our manufacturing base and reduce our costs and our working capital requirements. The restructuring plans announced in 2009 were completed, with a focus on respect for employees. Our break-even point was lowered, and further initiatives that will generate significant savings were carried out to streamline operations in Italy and Brazil.

In 2010, we invested 129 million euros, bringing manufacturing capital expenditures to nearly 500 million



euros for the last three years. We will have stronger high-voltage submarine production capacities in Europe. Our cable-laying vessel, the Skagerrak, was extended and refurbished to transport and install heavier, longer submarine cables. Our new plant in Russia continued to ramp up its operations and improve profitability. We also commissioned two new plants – one in Morocco that is dedicated to the aeronautics sector, and one in Qatar that focuses on the energy infrastructure and oil & gas markets. This state-of-the-art plant, which opened on time and within budget, is very well situated to serve the rapidly-developing Persian Gulf region. In China, we are still just at the beginning of our development, but we are growing quickly, particularly with the help of the railway and nuclear sectors which are both very buoyant. Today, we are increasing our capacities for these markets and putting the Group's expertise to use.

We also aim for operational excellence throughout our businesses, and we have stepped up the rollout of our cross-functional programs. These include Nexans Excellence Way to continuously

improve our manufacturing performance; Competency Models and the Nexans University to develop our teams, and share knowledge and best practices; Nexans Customer Orientation to better fulfill our customers' expectations; and IRIS to reduce inventory levels. We made significant strides in optimizing purchasing and the relationships that we have with our suppliers. We have also reorganized R&D to spur innovation, share R&D developments worldwide and step up development projects to benefit our strategic markets.

WHAT HAVE THE CROSS-FUNCTIONAL PROGRAMS ACHIEVED?

First off, occupational safety has improved significantly. Our accident frequency rate dropped 35% in 2010 compared with 2009. Over the same period, our structural working capital requirements decreased by approximately 100 million euros on a like-for-like basis. In terms of OTIF⁽¹⁾, which measures the reliability of our deliveries, we reached 87.1% in December 2010, and our goal is to hit 90% in 2011.

Our clients are our only source of revenue, and we place them at the heart of our decisions and our actions. We are responsive, and they can count on us. We also develop partnerships with them and enhance our product and service offering. With this in mind, we maintained our R&D expenditure and were able to file 75 new patents.

WHAT'S IN STORE FOR THE FUTURE?

I am confident about the future for several reasons.

The prospects for 2011 look better with demand on the rise in several industrial sectors, infrastructure projects to buoy business activity in Brazil and Australia, positive prospects in Russia, the Middle East and China, and nearly two years of high-voltage cable orders on the books. At the Annual Shareholders' Meeting, we will propose a resolution to pay a dividend of 1.10 euros per share for 2010, highlighting our confidence in stronger short-term prospects.

(1) Percentage of deliveries made on time and in full.



“I am confident in Nexans’ teams, their goals, their strengths and the quality of our projects.”

For the medium- and long-term, Nexans is well placed to take advantage of structural growth markets. The markets in which we operate are undergoing demographic, economic and social growth and we aim to meet the essential needs that arise: for example, power transmission and distribution, energy and mining resources, renewable energies and nuclear power, transportation of goods and passengers, industrial automation, urbanization, and data processing and transmission.

We operate in the most technical segments, which also create the most value. We bring our customers expertise and solutions that stand

out, particularly in terms of safety, reliability, energy efficiency and environmental preservation. Our international and regional industrial and commercial base allows us to serve them efficiently. This enables us to move ahead and find innovative, long-term solutions together.

I am confident in Nexans’ teams, their goals, their strengths and the quality of our projects. In 2010, we carried out a survey among over 2,000 employees. The results showed remarkable unity, motivation and commitment on the part of our teams. Our “Act 2010” employee share ownership plan was also successful among employees – another testament to our shared ambitions.

These strengths are unique in our industry, at a time when consolidation is both necessary and beneficial. We will take part in the consolidation process within the market. We have the experience and the teams necessary to complete and integrate another major acquisition into the Group. Our financial position gives us solid room for maneuver to invest in the geographic areas and the markets that offer the best prospects for long-term, profitable growth.

Referring to the 2010 results, Frederic Vincent, Chairman and CEO, said: “For 2011 as a whole, sales should continue to improve and therefore grow by more than 5% for the year. On such basis, the Group operating margin rate should significantly increase in 2011 with a full-year target of 5.5%, in a context characterized by a marked upturn in activity in the fourth quarter and a strong increase in raw material prices”.

Management*



For detailed
profiles go to:
[www.nexans.com/
excom](http://www.nexans.com/excom)

THE MANAGEMENT COMMITTEE

This Committee defines and directs the Group's corporate strategy. The Management Committee is chaired by the Chairman and CEO and includes three other members – Senior Corporate Executive Vice Presidents respectively in charge of administration and finance, commercial and innovation policies, and industrial and logistics strategy.

THE EXECUTIVE COMMITTEE

This Committee reflects on and discusses the challenges facing the Group. It comprises the members of the Management Committee, the seven Area Executive Vice Presidents, the Head of Human Resources, the Corporate Secretary/General Counsel, the Head of Communications. Half of the members have a nationality other than French.

* Reorganization of Group Management at December 31, 2010: with effect from April 4, 2011 the duties of the Senior Corporate Executive Vice Presidents, who are members of the Management Committee, have been modified. The reorganization of the Executive Committee will take effect in June 2011 (see www.nexans.com/excom).

A // Frédéric Vincent

Chairman and CEO

B // Frédéric Michelland

Chief Financial Officer, Senior Corporate Executive Vice President

C // Pascal Portevin

Senior Corporate Executive Vice President in charge of commercial and innovation policies⁽¹⁾

D // Yvon Raak

Senior Corporate Executive Vice President, in charge of industrial and logistics strategy⁽²⁾

E // Nicholas Ballas

Executive Vice President, Asia-Pacific Area

F // Wolfgang Bedorf

Executive Vice President, Middle East, Russia and Africa Area (MERA)⁽³⁾

G // Norbert Bluthé

Executive Vice President, Western Europe Area – Country Manager, France

H // William English

Executive Vice President, Northern Europe Area⁽⁴⁾

I // Stephen Hall

Executive Vice President, North America Area

J // Francis Krähenbühl

Executive Vice President, Central Europe Area – Country Manager, Germany

K // Jean-Claude Nicolas

Senior Corporate Vice President, Communications

L // Patrick Noonan

General Counsel, Senior Corporate Vice President, General Secretary

M // Jorge Tagle

Executive Vice President, South America Area

N // Jacques Villemur

Senior Corporate Vice President, Human Resources

(1) Responsible for the Middle East, Russia and Africa, Asia-Pacific, North America and South America Areas.

(2) Responsible for Western Europe, Northern Europe and Central Europe Areas as well as high-voltage cables.

(3) Until December 31, 2010.

(4) Starting January 1, 2011, he takes over the Middle East, Russia and Africa Area.

The Board of Directors

The Board of Directors establishes the strategic plans for the Group's business and oversees the implementation of these plans. At December 31, 2010, the Board of Directors comprised 13 members, including 7 independent directors. Directors hold office for a four-year term, which may be renewed⁽¹⁾.



A // Frédéric Vincent
Chairman and CEO

B // Gianpaolo Caccini⁽²⁾
Director

C // Jean-Marie Chevalier⁽²⁾
Director

D // Georges Chodron de Courcel
Director

E // Jérôme Gallot⁽²⁾
Director

F // Jacques Garaïalde⁽²⁾
Director

G // Véronique Guillot-Pelpel
Director

H // Gérard Hauser
Director

I // Colette Lewiner⁽²⁾
Director

J // Guillermo Luksic Craig⁽²⁾
Director

K // François Polge de Combret
Director

L // Ervin Rosenberg
Director

M // Nicolas de Tavernost⁽²⁾
Director

COMMITTEES OF THE BOARD OF DIRECTORS IN 2010

The Accounts and Audit Committee

Georges Chodron de Courcel
(Committee Chairman)
Jérôme Gallot
Jacques Garaïalde

The Appointments and Compensation Committee

Jérôme Gallot (Committee Chairman)
Gianpaolo Caccini
François Polge de Combret



For detailed profiles go to:
www.nexans.com/board

(1) For more information on the governance aspects see the section entitled "2011 Annual Shareholders' Meeting" on page 252 of this Registration document.
(2) Independent directors at december 31, 2010.





A worldwide organization serving essential needs

MEETING ESSENTIAL NEEDS...

Infrastructure	Industry	Building	Local Area Networks (LANs)
■ Electricity production, transmission and distribution ■ Railway and motorway networks and tunnels ■ Ports and airports ■ Telecommunication networks	■ Oil & gas and nuclear power ■ Wind, solar, biomass and hydroelectric power ■ Railway rolling stock, ships, airplanes and automobiles ■ Material handling equipment and mining equipment ■ Automated systems for industry and electronics	■ Factories and logistics centers ■ Offices, hotels, exhibition centers and shopping malls ■ Sports, cultural, educational, social and medical facilities ■ Individual and collective housing	■ Data centers ■ Business networks, banks, universities and hospitals ■ Supervision and Security

To serve its local and international clients, Nexans draws upon **23,700 employees, 4 R&D centers, 24 development networks, plants located in 40 countries** and a **sales and marketing** function that coordinates all the necessary resources **worldwide**.



... AROUND THE WORLD



Europe

Belgium
Bulgaria
Czech Republic
Denmark
France
Germany
Greece
Italy
Lithuania

Norway
Poland
Romania
Slovak Republic
Spain
Sweden
Switzerland
United Kingdom



Middle East, Russia and Africa

Egypt
Ghana
Lebanon
Morocco
Nigeria
Qatar
Russia
Turkey



Asia-Pacific

Australia
China
India
Japan
New Zealand
Korea
Vietnam



North America

Canada
Mexico
United States



South America

Argentina
Brazil
Chile
Colombia
Peru



Focusing on long-term performance...

INNOVATION

75
patents

Nexans implements a strong innovation policy to emphasize its position as a technological leader, to set itself apart by offering more services and creating added value, and to help customers find long-term solutions to issues related to energy, the environment and safety. The Group is the leader in cutting-edge technologies such as superconductivity and ultra-high-speed data transmission, and in 2010 Nexans filed a record 75 patents and introduced creative, innovative technological advances to the market.

GROWTH

2
new plants

Nexans is bolstering its capacities and its teams to establish a strong foothold in new major markets and benefit from this growth over the long term.

In 2010, the Group opened two new plants in Morocco and Qatar, and began building its first production plant in India.

Nexans increased its production capacities, in Norway to strengthen its position as a leader in high-voltage submarine cables and in China to offer expertise for the rapidly-expanding railway market.

OPERATIONAL EXCELLENCE

Nexans
Excellence
Way

Nexans optimizes its manufacturing operations to strengthen its efficiency, improve the quality of service provided to clients, and reduce costs and financing requirements. In 2010, the Group continued to streamline its capacities in Europe and Brazil, and rolled out its operating efficiency program – Nexans Excellence Way – worldwide. So far, 57 plants have begun implementing this continuous performance improvement program that is based on the best manufacturing practices identified throughout the world.

RESPONSIBILITY

55
certified sites

Nexans places sustainable development at the heart of its strategy, emphasizing safety, respect for the environment, talent development, ethics and solidarity.

The CSR (Corporate Social Responsibility) Committee defines our CSR strategy. The Governance and Social Affairs Committee and the Environment and Products Committee are responsible for implementing the strategy. Within three years (2008-2010), the accident frequency rate has been divided by three, and the number of ISO 14001-certified sites increased from 38 to 55. In December 2010, Nexans was selected to be a member of the Ethibel Excellence Investment Register.

...by optimizing our strengths

THREE MAJOR GROWTH MARKETS

2/3
of the
Group's sales

Nexans holds key positions in three major growth markets: electricity transmission and distribution networks, power generation and raw materials, transportation and its infrastructure. These markets account for two-thirds of the Group's sales, of which nearly 45% are for energy infrastructure. Nexans intends to continue to expand worldwide in each of these markets.

A WORLDWIDE PARTNER SERVING CUSTOMERS

On 5
continents

Nexans develops comprehensive cabling solutions by market segment. With research and production facilities on five continents, a marketing network that spans the globe and dedicated structures for international customers, the Group offers its clients a high level of expertise, innovation, quality and service throughout the world. Nexans seeks to leverage its position as a comprehensive worldwide player in terms of growth and performance by developing a cross-business approach.

A FLEXIBLE DEVELOPMENT MODEL

Enhance
its offering

In order to broaden its geographic presence, enhance its offering and move into new segments, Nexans uses all types of development methods: internal growth, acquisitions, joint ventures, as well as technical, manufacturing, commercial and financial partnerships. The Group actively manages its business portfolio, and has sound experience in partnerships and integrates new companies to move ahead faster.

A SOUND FINANCIAL POSITION

High
growth
perspectives

Nexans reorganized its manufacturing operations in 2009 and 2010, thus allowing the Group to lower its break-even point. Nexans scaled down its structural working capital requirements, strengthened its ownership structure and increased financial flexibility. With a debt ratio of 7% at December 31, 2010, the Group is poised to step up development in new markets where it has strong growth prospects.

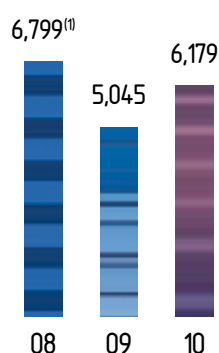


2010

Key figures

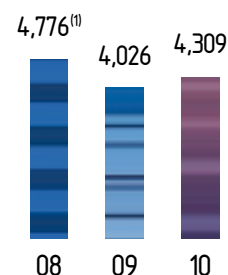
SALES AT CURRENT NON-FERROUS METAL PRICES

(in millions of euros)



SALES AT CONSTANT NON-FERROUS METAL PRICES

(in millions of euros)



See Note 1.g. to the consolidated financial statements for the calculation method.

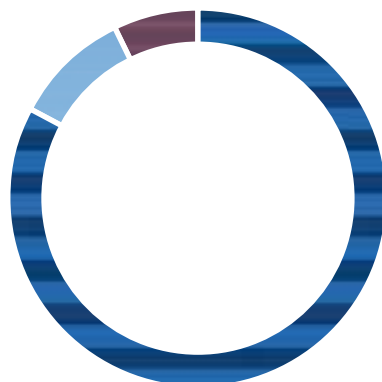
Sales for 2010 at constant non-ferrous metal prices increased by 7% compared with 2009. This is primarily attributable to changes affecting the currencies in the countries where the Group operates. At constant exchange rates, sales for 2010 increased by 0.4% compared with 2009⁽²⁾.

Sales for 2010 at current non-ferrous metal prices increased by 22% as a result of the significant increase in non-ferrous metal prices and the impact of the exchange rates as mentioned above.

(1) Taking into account the fair value adjustments made following the completion of the initial accounting for Madeco and Intercond acquisitions

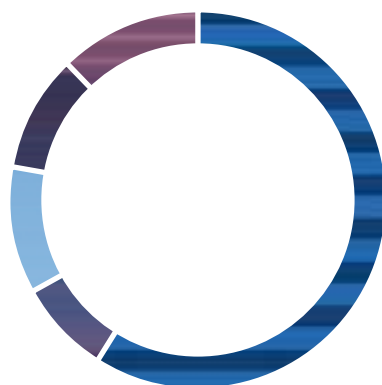
(2) Like-for-like sales for 2009 correspond to sales at constant non-ferrous metal prices, adjusted for exchange rates (impact of 264 million euros) and scope of consolidation (no impact).

2010 SALES BY BUSINESS⁽³⁾



- Energy: 83%**
-1% compared with 2009
- Telecom: 10%**
-0.3% compared with 2009
- Electrical Wires: 7%**
22% compared with 2009

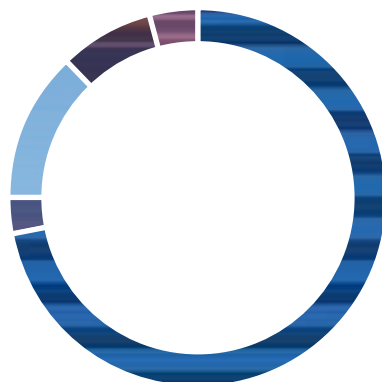
2010 SALES BY GEOGRAPHIC AREA⁽³⁾



- Europe: 59%**
-1.6% compared with 2009
- Middle East, Russia and Africa: 8%**
9% compared with 2009
- North America: 11%**
7% compared with 2009
- South America: 10%**
-1% compared with 2009
- Asia-Pacific: 12%**
0% compared with 2009

2010 OPERATING MARGIN BY GEOGRAPHIC AREA⁽³⁾

Operating margin on unallocated operations:
-46 million euros

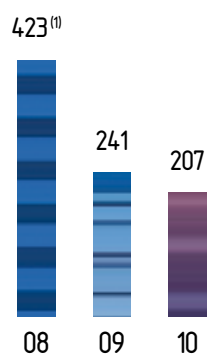


- Europe: 72%**
2% compared with 2009
- Middle East, Russia and Africa: 3%**
-66% compared with 2009
- North America: 13%**
-3% compared with 2009
- South America: 8%**
-35% compared with 2009
- Asia-Pacific: 4%**
-66% compared with 2009

(3) At constant non-ferrous metal prices.

OPERATING MARGIN

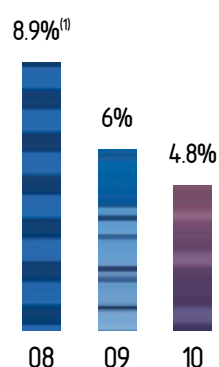
(in millions of euros)



Operating margin amounted to 207 million euros, or 4.8% of sales at constant non-ferrous metal prices, compared with 6.0% in 2009. Profitability for the second half of 2010 (5.6%) rose significantly compared with the first half of 2010 (4.0%) as a result of several factors. During the second half of the year, the Group benefited fully from the upturn in volumes in its various markets. Then, after business activity picked up, prices leveled off at the end of the year. Finally, the first signs of improvements regarding the completion of high-voltage submarine cable contracts allowed the Group's margin for this activity to rise sharply during the second half of the year.

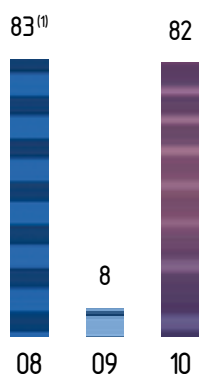
OPERATING MARGIN AT CONSTANT NON-FERROUS METAL PRICES

(in %)



ATTRIBUTABLE NET INCOME

(in millions of euros)

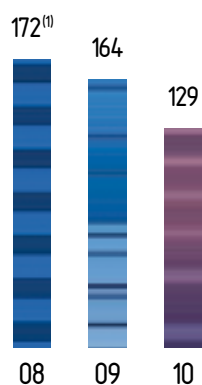


Net income for 2010 reached 82 million euros, rising sharply compared with 2009. This amount takes into account 89 million euros in income with no cash impact relating to the revaluation of core exposure for copper and 67 million euros worth of restructuring costs relating to plans to close two of the Group's units.

(1) Taking into account the fair value adjustments made following the completion of the initial accounting for Madeco and Intercond acquisitions

CAPITAL EXPENDITURE

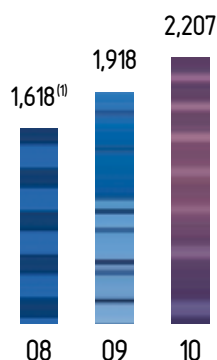
(in millions of euros)



Despite an economic climate that was still difficult over the first part of the year, the Group pursued its investment policy in order to enhance its presence in the growth markets for emerging countries, energy infrastructure and specialty cables.

TOTAL EQUITY

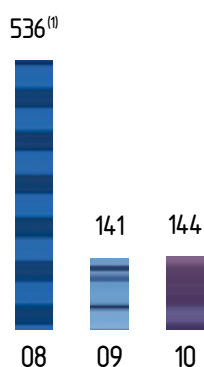
(in millions of euros)



Total equity rose by nearly 300 million euros as a result of the appreciation of currencies in the countries where the Group operates, and an increase in net income.

NET DEBT

(in millions of euros)



Despite the sharp increase in non-ferrous metal prices over 2010, the Group maintained its level of debt compared with the situation at the end of 2009. This can be explained by the significant amount of operating cash flow generated, and continued efforts to scale down working capital requirements. At the same time restructuring costs amounted to 68 million euros in 2010.

See Note 24 to the consolidated financial statements.

(1) Taking into account the fair value adjustments made following the completion of the initial accounting for Madeco and Intercond acquisitions



The Nexans share

NEXANS IS LISTED ON NYSE EURONEXT PARIS (COMPARTMENT A)

- Deferred settlement service
- ISIN Code FR0000044448
- Par value: 1 euro

AVERAGE DAILY TRADING VOLUME

185,101 shares in 2010

INDEXES

SBF 120: 0.17% of the index at December 31, 2010

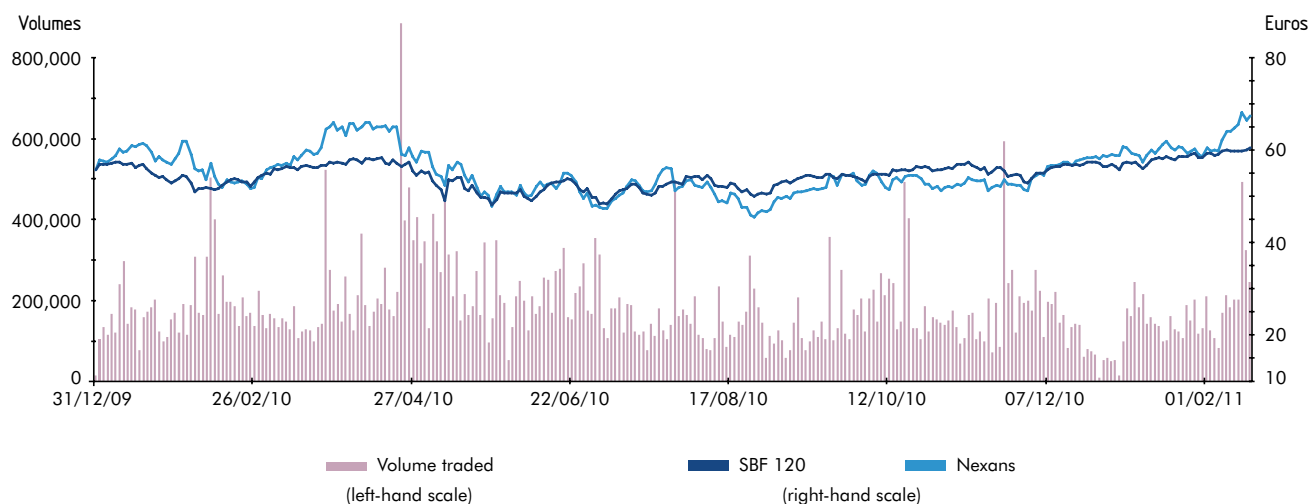
MARKET CAPITALIZATION

1,683.65 million euros at December 31, 2010

NEXANS' SHARE PRICE

After falling marginally behind its reference index (SBF 120) in the second half of 2010, from December, the Nexans share price started to pick up again eventually finishing the year up 5.45%, compared with the SBF 120's rise of just 0.06% for 2010. This trend carried over into the start of 2011, and even picked up pace after the publication of the Group's annual results on February 14. By February 16, 2011, the Nexans share price had risen by 14% since January 1, 2011, compared with the SBF 120's 8% over the same period. The 2010 results are better than anticipated and the upturn in activity observed since the final quarter of last year mean the Group can face 2011 with confidence.

Nexans' share price from January 1, 2010 to february 16, 2011



Stock market data

Share price in euros (except ratios)	2010	2009	2008
High	66.00	59.31	92.03
Low	45.55	26.12	36.34
End of year closing price	58.86	55.82	42.55
Change over the year	5.45%	31.19%	-50.20%
Change in the SBF 120 over the year	0.06%	23.73%	-43.10%
Change in the CAC 40 over the year	-3.34%	22.32%	-47.10%
Market capitalization at December 31⁽¹⁾	1,683.65	1,563.68	1,188.70
Average daily trading volume ⁽²⁾	185,101	228,532	320,774
Number of shares issued at December 31	28,604,391	28,012,928	27,936,953
Share turnover⁽³⁾	0.65%	0.82%	1.15%

(1) In millions of euros.

(2) In number of shares.

(3) Daily average over the year.

Per share data

In euros (except ratios)	2010	2009	2008 restated ⁽¹⁾
Net assets ⁽²⁾	75.66	66.98	56.59
Basic EPS ⁽³⁾	2.92	0.29	3.21
Diluted EPS ⁽⁴⁾	2.84	0.29*	3.12
PER ⁽⁵⁾	20.16	-	17.39
Net dividend ⁽⁶⁾	1.1	1.0	2.0
Dividend yield ⁽⁵⁾	1.9%	1.8%	3.6%

(1) Taking into account the fair value adjustments made following the completion of the initial accounting for Madeco and Intercond acquisitions.

(2) Equity excluding minority interests divided by the number of shares outstanding at December 31.

(3) Based on the weighted average number of shares outstanding.

(4) Earnings per share if all convertible securities (warrants, convertible bonds, stock options, and rights) are exchanged for common shares, which would increase the number of shares.

(5) Based on the December 31 share price.

(6) 2010 dividend proposed at the Annual Shareholders' Meeting on May 31, 2011.

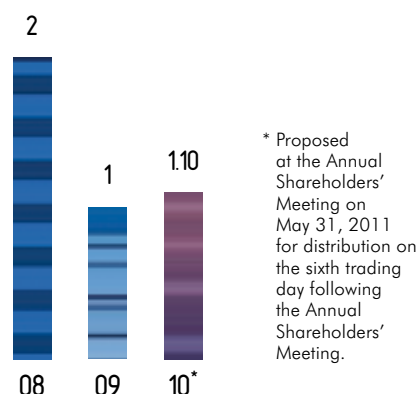
* Restated from last year 0,71 euro per share figure.

Changes in capital in 2010

Number of shares at December 31, 2009	28,012,928
Cancelled shares	-
- New shares issued	482,467
- On exercise of stock options	108,996
Number of shares at December 31, 2010	28,604,391
Stock options	1,702,744
OCEANE 2013 and OCEANE 2016	7,794,037
Number of fully diluted shares at December 31, 2010	38,101,172
Average number of shares in 2010 used to calculate:	
- Basic EPS	28,283,446
- Fully-diluted EPS	32,523,225

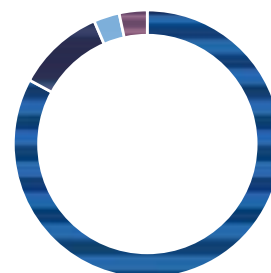
NET DIVIDEND

(in euros)



Estimated ownership structure at December 31, 2010

- Total number of shares: 28,604,391
- Total number of voting rights: 29,062,583



Institutional shareholders: 82.9% of which:

- Madeco group (Chile): 9.0%
- UK and Ireland: 8.4%
- FSI (France): 5%
- Other European countries: 13.6%
- France: 18.5%
- North America: 27.9%
- Rest of the World: 0.5%

Individual shareholders: 10.6%

Employees: 3.1%

Unidentified shareholders: 3.4%

Shares registered in the name of the same holder for at least two years carry double voting rights. When voting on resolutions at Shareholders' Meetings, a shareholder with single voting rights may not exercise a number of voting rights representing more than 8% of the voting rights of all shareholders present or represented at the meeting concerned. If a shareholder is also entitled to double voting rights this limit is increased to 16% of the voting rights of all shareholders present or represented.



Shareholder information

Nexans strives to earn the trust of its shareholders through its financial communications.

A WIDE RANGE OF FINANCIAL INFORMATION

The Group publishes an Annual Report, a Registration Document, as well as three Shareholders' Newsletters each year, and for the first time it launched a mobile website:

<http://www.finance.nexans.mobi>

All Nexans' shareholder information is available on the Group website at www.nexans.com, which has a Shareholder's Corner under "Finance" on the home page. For a quick response to questions shareholders, you can contact us toll-free in France

N° Vert 0800 898 898

or send an e-mail to investor.relation@nexans.com

DIRECT DIALOG

In 2010, Nexans gave three presentations for the individual shareholders in Bordeaux, Biarritz and Rennes. Shareholders only have to own one share to become a member of the Shareholders' Club and receive personalized information and invitations to special meetings and visits.

Frédéric Vincent, Chairman and CEO of Nexans, also took part in a live video chat session on the following website: www.lefigaro.fr

The 2010 Annual Shareholders' Meeting was held at the Quai Branly Museum in Paris (a first for an Annual Shareholders' Meeting), and the entire meeting was broadcast live at www.nexans.com

Nexans also organized a number of information meetings for analysts and investors during the year.

SECURITIES SERVICES

Registered shares are not subject to custody fees, and may receive double voting rights after two years. They also allow the shareholder to receive invitations to the Group's shareholder meetings and a personal mailing of information about the Company. Investors wishing to purchase registered shares should contact their financial intermediary, who will then obtain the necessary registration documents from Société Générale, which is responsible for Nexans' securities services.

Société Générale

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BP 81236 – 44312 Nantes Cedex 3, France

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SHAREHOLDERS' AGENDA

- **April 27, 2011:** First-quarter 2011 financial information
- **May 31, 2011:** Annual Shareholders' Meeting
- **June 8, 2011:** Payment of the dividend
- **July 27, 2011:** 2011 half-year results

Individual shareholders' information meetings⁽¹⁾

- **May 10, 2011:** Nancy
- **June 28, 2011:** Nice
- **November 23, 2011:** Toulouse

(1) These dates are subject to change.

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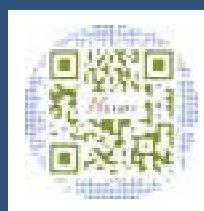
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Financial information on mobile devices

This matrix barcode is used to get direct access to Nexans' financial information using a mobile device that has a QR code reader. Simply scan this QR code using a free⁽¹⁾ reader that can be downloaded from your mobile device at: <http://percentmobile.com/getqr>



Nexans launched this new service when it published its 2010 half-year results.

(1) Excluding any additional charges depending on the carrier used.

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The purpose of this report is to present an overview of the operations and results of the Nexans Group and its parent company for the year ended December 31, 2010. It is based on the parent company's financial statements and consolidated financial statements at December 31, 2010.

In an attached document prepared in compliance with Article L.225-37 of the French Commercial Code (*Code de commerce*), the Chairman reports on (i) the terms and conditions for the preparation and organization of the work of the Board of Directors and (ii) the internal control procedures implemented within the Group, particularly in relation to financial and accounting information.

Nexans' shares are traded on the NYSE Euronext Paris market (Compartment A) and are included in the SBF 120 index. The Company's estimated ownership structure at December 31, 2010 – broken down by shareholder category and based on disclosure statements received by the Company – was as follows:

- Institutional investors: 84%, of which (i) 9% held by the Madeco Group (Chile), (ii) 5.1% by Fonds Stratégique d'Investissement (France), (iii) 5.2% by Dodge & Cox (USA), (iv) 5% by AXA (France), (v) 4.9% by Deutsche Bank AG (Germany), and (vi) 3.7% by Manning & Napier (USA).
- Private investors and employees: 15.5%.
- Unidentified shareholders: 0.5%.

1. Operations during 2010

1.1 Consolidated results of the Nexans Group

1.1.1 Overview

Sales for 2010 totaled 6,179 million euros, up 22.5% on the 5,045 million euros reported in 2009. This increase is largely attributable to the ongoing steep rise in non-ferrous metal prices throughout 2010 following the hike already experienced in 2009. The average implicit billing prices for copper and aluminum were respectively 46% and 8% higher in 2010 than in the previous year.

Based on constant non-ferrous metal prices, constant exchange rates and a comparable scope of consolidation, the Group's total sales edged up 0.4% year-on-year.

Sales in Asia-Pacific, South America and Europe held firm, coming in on a par with 2009, thanks to a much stronger performance in the second half compared with the first six months of the year. Meanwhile, North America and the MERA Area (Middle East, Russia and Africa) posted respective sales growth of 7% and 9% in 2010.

Operating margin amounted to 207 million euros, or 4.8% of sales at constant non-ferrous metal prices (3.4% at current metal prices), compared with 241 million euros, or 6.0% of sales at constant non-ferrous metal prices (4.8% at current metal prices) in 2009.

EBITDA (operating margin before depreciation and amortization) came to 345 million euros in 2010, or 8.0% of sales at constant metal prices, compared with the 2009 figure of 363 million euros, or 9.0% of sales at constant metal prices.

In view of the continuing rise in non-ferrous metal prices during 2010, the core exposure (non cash) effect in the 2010 income statement represented an 89 million euro accounting gain (net of the impact of the reduction in volume of core exposure inventories – see section 1.1.2 on unallocated operations), versus an 18 million euro gain in 2009. In 2008, the steep fall in copper prices during the last quarter of the year led to a core exposure effect corresponding to an accounting charge of 165 million euros. The core exposure effect arises due to the fact that non-ferrous metal inventories are measured at the year-end using the weighted average unit cost method, leading to the recognition in the accounts of the impact of the temporary price difference between the copper actually used in production and the copper implicitly allocated to orders through the hedging mechanism. No such gains or charges would have been recognized if the Group had continued to apply the Last In-First Out (LIFO) method used until 2004 before the transition to IFRS.

Income before taxes more than doubled year-on-year to 110 million euros from 51 million euros in 2009, reflecting the impact of lower restructuring costs in 2010 (67 million euros versus 119 million euros).

After a 26 million euro tax charge, attributable net income amounted to 82 million euros compared with 8 million euros in 2009.

1.1.2 Analysis by business line

(Sales figures by origin at constant non-ferrous metal prices)

ENERGY

The Energy business posted 3,568 million euros in sales, down 1.0% on 2009 based on constant exchange rates and a comparable scope of consolidation (like-for-like).

Sales in the Industry segment continued to recover throughout 2010 (particularly in the sectors that had been the earliest hit by the global economic crisis), climbing 16.1% in the full twelve months. This sharp increase largely offsets the impact of an overall falloff in sales in the Energy business' other segments. The Building and Energy Infrastructure segments saw steep downturns in the first half of 2010 (15.9% and 8.9% respectively on an organic basis) followed in the second half by a leveling off in Energy Infrastructure and a 7.3% period-on-period rise (at constant exchange rates) in the Building segment.

Energy Infrastructure cables:

Sales of Energy Infrastructure cables retreated 5.7% on a like-for-like basis. However, the second half of the year saw a particularly strong upturn for low and medium voltage cables and accessories for the power distribution market.

It was a difficult year for high-voltage submarine cables, but this was partly offset by a solid performance of high-voltage terrestrial cables.

Sales recorded by **high-voltage submarine cables** declined 5.6%, reflecting contract performance difficulties which arose as a result of high production loads at the Halden plant and a number of external incidents and which led to certain production phases having to be re-scheduled. This re-scheduling meant that the Group was unable to finish in due time all the stages of completion required to recognize in full the revenue from the contracts concerned. However, a productivity improvement program was drawn up in 2010 and its initial effects were already felt during the year. Besides, in order to ensure the business development, it was decided to launch a project to increase production capacity at the Halden plant, by creating a second vertical production line that is expected to come on stream during the second half of 2011.

The main contracts that contributed to the 2010 sales figure for high-voltage submarine cables concerned the supply and installation of cables to create power links, such as the high-voltage direct current undersea link between the Spanish mainland and the Balearic islands (as part of the COMETA project), the Fenno-Skan 2 power interconnection between Finland and Sweden, the Oslofjord II link between Norway and Sweden and the Kontek connection between Denmark and Germany. Other contributions to sales for the year came from contracts to supply infield cables and equipment for the Sheringham Shoal and Lincs offshore windfarms in the United Kingdom and subsea power export cables for the Belwind offshore wind farm project in Belgium, as well as deliveries of umbilical cables such as the one for the Tambaù gas field in Brazil.

The 2010 sales figure for high-voltage submarine cables also included the impact of the last phases of older contracts on which work came to an end during the year, such as the very high voltage undersea link between Saudi Arabia and Bahrain and the subsea power cable contract for BP's Valhall Power from Shore project.

Visibility for high-voltage submarine cables is still very good, with a 980 million euros order book representing more than 24 months of sales. Several major new contracts were won during 2010 for power link projects: a 178 million euro project to link Sicily with Malta, a 64 million euro project linking the island of Euboea with the region of Attica in Greece with a view to developing a wind farm project, a 180 million euro contract for the Estlink 2 link between Finland and Estonia, and a 104 million euro contract to replace the over thirty-year old high voltage link crossing the Oslofjord.

High-voltage terrestrial cables reported a 3.2% contraction in sales compared with 2009, reflecting a steep 15% falloff in the second half of the year mainly due to fewer on-site installation works.

Manufacturing operations remained sustained throughout the year, with production loads allocated evenly between the various plants thanks to increased pooling of the Group's production capacities. The main contracts that contributed to the 2010 sales figure for high-voltage terrestrial cables were power link projects in the Middle East that started up in previous years and continued smoothly throughout the year – including Phase II of the Libya Contract and Phase VIII of the Qatar project – as well as a steady stream of business with incumbent power suppliers in France, Spain and Belgium. The Tottenham plant in Australia ran at capacity during the year, thanks to the contract won in 2009 for supplying a cable to power the country's largest seawater desalination plant that is currently being built in the State of Victoria.

Nexans notched up two key contract wins in the Middle East during 2010 – (i) a 90 million euro turnkey contract awarded by DEWA to construct Dubai's first Extra High Voltage (EHV) underground cable system operating at 400 kV and (ii) a 73 million euro contract as part of a turnkey project to modernize Abu Dhabi's energy infrastructure.

At December 31, the order book amounted to 430 million euros, and taking into also in consideration answers to new tenders, the Group considers it has a good visibility over the next 18 months.

Medium-/low-voltage cables posted a 7.7% like-for-like decrease in sales in 2010. However, the second half of the year saw growth of more than 8% at constant exchange rates compared with the first half.

In Europe, sales at constant exchange rates retreated 7.5% overall in 2010 but rose in the second half of the year against the first six months.

Northern Europe (Sweden, Norway and Germany) got off to a difficult start to 2010 due to a combination of particularly adverse weather conditions and relatively lackluster markets in which competition was fierce. The situation leveled off in the second half, however, with business even picking up slightly for the main national power suppliers and export contracts (Russia, India).

France delivered sales growth of 11.5% in 2010, led by the ongoing rollout of ERDF's capital expenditure plan as well as a major international contract with Ghana. Business in Southern Europe was also boosted by favorable operating conditions, particularly in Greece due to extra domestic business. In Italy, sales were buoyed by several exceptional orders from ENEL as part of the Italian recovery plan. However, these orders were not sufficient to guarantee the long-term future of the Latina plant and in late May the Group announced that it intended to close this site. Sales performance in Spain continued to decline, with figures sharply down on 2009, reflecting an ever-contracting overall market and exacerbated by the government's decision to reduce subsidies for renewable energy projects, such as wind

and solar power. At the same time, market conditions were once again tough in the United Kingdom, with sales hampered by strong price pressure in a continuing harshly competitive environment and unfavorable exchange rates which affected the Group's exports to the country.

In North America, sales at constant exchange rates shed 11.9% in the full twelve months of 2010, although stable in the second half, period-on-period.

Demand for infrastructure cables in Canada slowed following the large-scale capital expenditure programs carried out in 2009 in preparation for the Olympic Games. In the United States, unit sales of power distribution cables were once again hit by the persistently weak residential property market, with business volumes down by almost 20%. However, the impact of these flagging markets on the Group's profitability in the area was contained due to the closure of the Quebec plant in the first quarter of 2009.

In the Asia-Pacific Area, sales slipped 10.4% on a like-for-like basis, but climbed 13.1% in the second half of the year against the first six months.

Australia's sales fell 14.9% compared with 2009, with the full-year performance for 2010 dragged down by a 27.7% drop in the first half. In addition to a weak residential housing market throughout the year, which hit sales of underground cables for low-voltage power distribution networks, overall business levels in certain states (particularly Queensland and Victoria) were extremely low in the first half of 2010 as a result of (i) projects being postponed due to adverse weather conditions and (ii) budget restrictions, which led to the stoppage of certain public projects. However, business picked up in the second half of the year thanks to a more even spread of sales between the different states, with period-on-period growth coming in at almost 20%. South Korea's sales were on a par with 2009. Although competition remained stiff in the domestic market, the Group's subsidiary won a large contract in the Middle East with the South Korean company Hyundai Engineering & Construction.

The MERA Area delivered a sharp 24.3% rise in sales in 2010 (with growth reported for both halves of the year), fueled mainly by the ramp-up in sales output by the Group's new Russian plant.

In Russia, despite production of low and medium voltage infrastructure cables only starting up in September 2009, the Ouglich plant is now fully operational. In addition, cable trading activities carried out on behalf of the Group's other units were up sharply following a more or less total stoppage in early 2009 due to the economic crisis.

Sales in Morocco fell 8.4% year-on-year, as a result of a sharp decrease in purchases by the national power supplier and a slowdown in major tourist infrastructure projects. This steep falloff in domestic business was only partially offset by continued expansion in sales to West Africa.

In Egypt, sales were down 4.3% for the full twelve months of 2010 on the back of a near-18% fall in the first half. Demand for the supply of infrastructure cables for medium-voltage distribution networks was flat in the first six months but picked up in the second half. The domestic market for high-voltage cables was buoyant, however, although the Group's Egyptian facility could not fully tap the potential of this situation in 2010 due to a lack of production capacity. In a bid to address this issue the Group has decided to pursue its capital expenditure programs for this facility with a view to increasing the plant's production capacity for high-voltage cables. Lastly, export sales started up to neighboring African countries, notably for low-voltage bundled cables.

In Lebanon, sales decreased 17.9% for the year as a whole but climbed more than 10% at constant exchange rates in the second half compared to the first. Projects that started up following the previous postponement of orders by the national power supplier were not sufficient to fully offset the decrease in export sales caused by difficult market conditions in certain Middle Eastern countries (Iraq, Jordan and Syria).

In South America sales fell 24.8% for 2010 as a whole. Performances for the two halves of the year were extremely mixed, however, with sales slumping 41.4% in the first six months and then surging 30% in the second half based on constant exchange rates.

The trends observed in Brazil at the end of 2009 continued into 2010, with the postponement of numerous major overhead power line projects which resulted in almost no production load for the Lorena facility in the first half. At the same time competition heightened. As a result, the Group decided to pool all of its manufacturing capacity for overhead power lines at one site and in the first half of 2010 announced the closure of its Lorena facility, with the transfer of aluminum production lines to the Americana site in Sao Paulo and copper production to the Rio de Janeiro plant. However, deliveries for a number of contracts started up again in the second half of the year, which led the Group to change its initial timeline for transferring equipment from this facility in order to meet the needs of its customers. Meanwhile, sales generated by insulated distribution cables rose steadily during the year despite ongoing difficult market conditions resulting from a fiercely competitive environment and a shortage of certain commodities such as aluminum bars.

In Peru, sales were up 5.1% at constant exchange rates in 2010, with robust demand in the domestic market offsetting weak export sales to Venezuela. However, competition also increased on domestic market with customers favoring aluminum cables.

Argentina's sales were 22.5% lower than in 2009, with the fall mainly stemming from the postponement of a large overhead power line project that was originally scheduled to start up in September 2010.

Power accessories sales rose 9.0% on a like-for-like basis in 2010. Business levels were buoyant in Europe, apart from Spain where conditions were still difficult due to the ongoing economic crisis. France's sales momentum remained strong for connectors and cabinets. Germany and Belgium reported sharp sales rises of 17% and 30% respectively, propelled by the Group's focus on new markets, such as wind power, and new product offerings (e.g., for OEMs).

Industrial cables:

Sales of industrial cables advanced 16.1% year-on-year at constant exchange rates, marking a clear upward trend for the third six-month period in a row.

Automotive **cables and harnesses** were major growth drivers during the year. At the same time, momentum remained strong for the railway and aeronautical segments as well as for high value-added cables for off-shore projects, and business levels for cables for the robotics and mining industries swung back up after a very difficult year in 2009.

Sales of **cable harnesses** jumped by more than 50% for the full twelve months, following on from the recovery begun in mid-2009 and marking a steady growth pattern for the past three six-month periods. Demand held firm both in Germany and the United States, where the Group's business was boosted by measures taken by certain major automakers to streamline their supplier base.

Sales of **special cables for industrial applications** climbed 7.4% like-for-like over the full year. At constant exchange rates, sales were up more than 10% in 2010, period-on-period compared to the low point reached in second-half 2009.

In Europe, organic sales growth came in at 6.2%. The upward trend began in the first few months of 2010 was confirmed by a further 3.0% rise in the second half against the first six months of the year. However, the picture was mixed across the Area's various segments.

The machine tool market started to pick up gradually at the beginning of 2010 but sales leveled off in the second half in the face of ever-tighter price competition. Italy and Germany are improving their level of profitability, boosted by a recovery in sales volumes combined with the positive effects of measures taken in 2009 to adjust production capacity. However, certain segments – such as safety cables – are finding it difficult to reach breakeven due to heightened competition. Business in France reaped the benefits of an upswing in the nuclear. In petrochemicals segments, an increase in the number of invitations to tender, seems to announce the return of big projects. Large-scale export orders have also been signed for cables for nuclear power plants in China and Slovakia. The railway segment still offers growth opportunities, whereas the shipbuilding segment (mainly for passenger transport in Europe) is experiencing difficulties.

In Asia, sales increased 16.7% like-for-like overall but the different countries making up the Area reported contrasting performances during the year.

Sales in South Korea were lifted by strong momentum in the offshore platform sector, buoyed by Singapore export markets, as well as by projects for Russia, notably for the Group's new ICEFLEX® cables which can withstand extremely low temperatures. It compensated a lower level of activity in the shipbuilding sector.

In China, sales surged 40.4% year-on-year, driven by growth in cables for the railway industry in which the Chinese government has injected substantial amounts of public funds. Sales of cables for the shipbuilding industry were also higher than in 2009, but the decrease in export markets curbed further growth potential. Australia reported a strong 18.8% sales rise, led by solid growth in the mining industry.

In the MERA Area, sales advanced 37.5% like-for-like. Morocco reported a twofold increase in sales, fueled by the ramp-up in production of aeronautical cables in the new Mohammedia facility. In Turkey, demand remained subdued for instrumentation cables for the oil and shipbuilding industries.

In South America, sales fell 31.4% on a like-for-like basis. Business levels were low in Brazil. The outlook seems to be brightening, however, as there has been a strong increase in the number of invitations to tender. A first significant order for umbilical cables was taken in 2010 and will be delivered from the Group's Halden facility in Norway.

In Chile, sales edged up 1.9%, with capital spending picking up in the mining sector although competition is still harsh.

Building cables:

Sales of cables for the Building segment dropped 5.0% like-for-like in 2010. The discontinuation of building cable production in Germany and the closure of the Vacha plant accounted for around a third of the overall decrease.

Following a decline of around 12% in the first half (excluding the impact of the Vacha facility closure), sales in the second six months of the year rose by 7.3% period-on-period based on constant exchange rates. Substantially all of the Group's geographic regions contributed to this second half rise.

In Europe, sales contracted by almost 10% in 2010, after a 21.0% falloff in the first half. The decrease was partly due to the Group's withdrawal from the German market in 2009. Adjusted for this impact, sales would have declined by only 3.2% year-on-year.

In the countries that were the least hit by the real-estate crisis in 2009, profitability in the Building segment nonetheless deteriorated due to volume reductions and strong pressure on selling prices. This was particularly the case in the first six months of the year as business rallied in the second half, which helped push up operating margin.

Northern Europe (Norway, Sweden and the Netherlands) held firm, thanks to high value-added product offerings (HFFR cables, heating cables, and specialty cables). France – which accounts for virtually half of Nexans Building cables sales in Europe – registered 4.9% organic growth in second-half 2010.

The cost-reduction measures taken in 2009 in the countries that were the worst hit by the economic crisis enabled to reduce drastically the number of loss making entities.

In North America, sales retreated 5.2%, with the steep 21.1% drop in the first six months partially offset by volume growth in the second half.

In the Canadian market, demand remained stable in 2010 in the residential and commercial segments but tailed off in the industrial segment. As a result of highly volatile copper prices, distributors kept their inventories very low. Against this backdrop, the Group had to adopt a more assertive pricing policy as of the autumn.

In the United States, the market continued to experience strong competitive pressure as well as historically low business volumes. Prices leveled off somewhat in the second half although it is impossible to say at this stage whether this marks the start of a recovery.

In Australia, sales of cables for the retail and wholesale building markets shrank 20% in 2010, with performance in the second half helping to mitigate the impact of the 34.8% slump in the first six months.

The Building segment – which was hit a lot later by the global crisis – seems to have bottomed out in the first half of 2010. The decline in business levels was worsened by a loss of market share with one of the main national distributors, as well as by the fact that the Australian market is increasingly opening up to imports from low-cost South-East Asian countries. In response to this situation, in the second half of the year the Australian facility launched a wave of measures aimed at regaining its lost territory. Second-half 2010 saw a clear upturn in volumes, with sales climbing more than 20% at constant exchange rates against the first six months of the year. In tandem, the restructuring program launched in 2009 at the Lilydale site helped the Group to better weather the difficult economic conditions in the region, and further cost-reduction measures were implemented as from the autumn of 2010.

In the MERA Area, sales increased 1.0% like-for-like in 2010. Lebanon reported 14.4% growth, fueled by the country's reconstruction efforts.

The Group's Turkish unit suffered a sharp reduction in margins following a marked slowdown in its domestic market in the fourth quarter of 2009 at the same time as its production capacity was stepped up in the area.

Morocco reported a 7.2% sales rise in 2010. The unit launched a geographic redeployment plan for its distribution activities, both in Morocco (entailing the opening of distribution centers in Tangiers, Marrakech and Fez in order to attract new customers in these regions) and elsewhere in Africa (Senegal).

In South America, the Building segment posted organic growth of 30.6%.

In Brazil, sales leaped 78.0%, propelled by social housing development programs launched by the government, particularly in the first half.

Sales in Chile were boosted in the first six months of the year by reconstruction works following the earthquake in February, which resulted in an increase in distributors' inventories against an ongoing highly competitive operating backdrop.

Demand remained robust in Peru, driven by social housing programs and sales of halogen-free cables for public buildings.

In Colombia, sales rose 4.1% on an organic basis, thanks to a very good second half when the Group won back market share from its main competitors and notched up several new contracts for control cables with customers in the oil industry.

Operating margin for the Energy business as a whole came in at 188 million euros in 2010 (representing 5.3% of sales at constant metal prices) versus 229 million euros in 2009 (6.8% of sales at constant metal prices).

The overall reduction in operating margin is due to the combined impact of the following factors:

- Pressurized margins in an economic context where there is still only an unsteady return to higher business volumes, coupled with higher prices for certain commodities, particularly for petroleum by-products used in insulation materials.
- Performance difficulties encountered on certain contracts for high-voltage submarine cables, which meant that the Group lost some of its revenue potential in that segment during the year.
- Gradual adjustment of the Group's manufacturing base in line with the upturn in volumes observed towards the end of the year after several consecutive quarters of sharp falls in business levels.

Operating margin for **Energy Infrastructure** stood at 7.6% in 2010, compared with 10% in 2009. This decrease was due to the above-mentioned difficulties experienced in **high-voltage submarine cables** as well as weak business volumes for **medium-voltage cables** which led to a lower coverage of fixed costs. This situation resulted in the Group pursuing its restructuring program, as planned, with the announcement of the closures of the Lorena plant in Brazil and the Latina facility in Italy.

Profitability for **industrial cables** is improving steadily, with operating margin coming in at 2.6% in 2010 after just breaking even in 2009.

Cables for the **Building** segment reported a 3.2% operating margin in 2010 (versus 5.3% in 2009), with the second half figure coming in 210 basis points higher than the first six months. In Europe, restructuring programs undertaken in 2009 helped to reduce indirect costs and improve profitability for this sector compared with 2009. In North America, Australia and the MERA Area, however, the impact of market conditions and much lower prices could not be offset.

TELECOM

Sales of Telecom cables came to 426 million euros in 2010, on a par with the 2009 figure like-for-like (-0.3% of organic growth). However, while sales fell for infrastructure cables, the market for LAN cables swung upwards.

Telecom Infrastructure:

Sales declined 7.1% like-for-like for 2010 overall, but performance was much stronger in the second half than for the first six months, with period-on-period growth coming in at 15.2% at constant exchange rates.

Europe – which accounted for over 80% of Group sales in this market – reported a 9.2% decrease for the full-year, versus a more than 20% decline for the first six months.

In the copper telecom cables segment – where the Group continues to offer a limited product range to certain incumbent operators – sales were down for most of Nexans' host countries. In the optical fiber cable segment, sales fell 14.1% for the year as a whole. Following a first half marked by numerous postponements of projects due to a lack of financing and uncertainty in the procedures for allocating capital expenditure between incumbent and alternative operators, the second six months of the year saw a near-20% upturn driven by the gradual restart of certain projects, notably in Sweden.

In Asia (South Korea and Vietnam), sales surged by more than 23% year-on-year. As in Europe, sales of copper cables dropped sharply but in South Korea the Group recovered significant market share in optical fiber cables with the national operator.

In South America, sales advanced 12.8% versus 2009, with performance in the second half offsetting the 5.8% falloff reported for the first six months. In Brazil, the increase was 27.8% thanks to renewed demand from private operators.

Local Area Networks (LAN):

The Group recorded 5.5% organic sales growth in this segment in 2010, following on from the rebound in the second half of 2009.

In the United States (representing over 53% of the segment's sales), 2010 sales were 14.3% higher on an organic basis than in 2009 when they were hit by inventory reduction measures taken by distributors. This impact was no longer felt in 2010 and the segment's business levels held up well despite the crisis in the country's building industry. Also during the year, demand was boosted by the Group's positioning in high value-added products – both 10Gbit copper cables and optical fiber cables.

In Europe, sales decreased by 2.5%. After a difficult start to the year, sales stabilized but were still at fairly weak levels. However, growth in sales from high value-added cables, coupled with the positive effects of the streamlining plan launched in 2009 in France, enabled the region to end the year at very close to breakeven.

Sales in the systems business held firm, buoyed by numerous data center projects for large private corporations in the financial and manufacturing sectors in Western Europe, particularly the United Kingdom.

In Asia, sales inched back 1.8% year-on-year. In China, the move towards an offering focused on higher value-added products and systems fueled 3.9% growth.

Conversely, sales decreased in South Korea, mainly due to new production capacity brought into the market by the Group's competitors.

In Turkey, sales of LAN cables to Europe were up 2.7% on 2009.

In Brazil, sales retreated 13.4% on a like-for-like basis as a result of weak demand and tough competition in the LAN sector.

Operating margin for the Telecom business as a whole came in at 26 million euros (representing 6.0% of sales at constant metal prices) versus 23 million euros in 2009 (5.5% of sales at constant metal prices).

Telecom Infrastructure operating margin stood at 5.1% versus 8.7% in 2009, with second-half performance largely outmatching the first half (8.2% compared with 1.6%). The effect of weak sales volumes both for copper and optical fiber networks in the first half was largely offset in the second half by an upswing in business levels and a better product mix.

LAN operating margin was 6.7% in 2010 whereas in 2009 it came in just below 3.0%. The main drivers of this increase were a better sales showing in North America and the cost-reduction measures implemented in 2009 in Europe, notably concerning the Fumay plant.

ELECTRICAL WIRES

Sales for the Electrical Wires business totaled 289 million euros, up 21.9% like-for-like on 2009.

Wirerods:

Like-for-like, wirerod sales jumped 28% in 2010.

In Europe, the manufacturing base has now been optimized for internal requirements and Nexans only has a low level of sales outside the Group (10 million euros). Wirerod operations in Europe returned to profit during the year, helped by the closure of the continuous casting and wire-drawing plant in Chauny at end-2009 and the allocation of business to other sites in France and Germany.

In North America sales surged 33.3% and margins were robust.

Bare wires

Sales of bare wires increased 8.9% at constant exchange rates, mainly led by Germany where growth came in at 27.9%, reflecting a recovery in the automotive sector to which the Group sells special wires.

Winding wires

The winding wires segment in Brazil reported an 18.4% increase in sales in 2010, driven by renewed consumer spending which boosted the household appliance and automotive sectors.

Operating margin for the Electrical Wires business swung from breakeven to a positive 7 million euros in 2010, representing 2.4% of sales at constant metal prices. This performance was chiefly fueled by the business's European activities which have undergone a large-scale restructuring, as well as by brisk sales momentum in North America.

UNALLOCATED OPERATIONS

The Group's various businesses each bear a portion of the cost of the holding company's operations («head office costs») pro rata to their business levels.

In addition, certain income and expense items cannot be directly allocated to a specific operating activity and are therefore not allocated to the business line concerned. For example, in both 2010 and 2009, the Group had to incur non-recurring expenses for the organization of its legal defense following investigations launched by a number of competition authorities against the

Group and other cable manufacturers. At the same time, the closure of certain manufacturing sites and ongoing successful efforts in 2010 to improve its working capital position (notably by speeding up inventory turnover) enabled the Group to significantly reduce its core exposure. This reduction led to a positive 37.0 million euro impact on operating margin – the same as in 2009 – with a corresponding entry recorded under “Core exposure effect” within “operating income”. Core exposure is measured at historic value at operating margin level – a value that is lower than its resale value (see **Note 1.i.** to the consolidated financial statements).

Operating margin for unallocated operations came to a negative 13 million euros versus a negative 11 million euros in 2009.

1.2 Other items of 2010 consolidated results

1.2.1 Core exposure effect

The core exposure effect amounted to a positive 89 million euros at December 31, 2010 (net of the impact of lower inventory volumes – see section 1.1.2 above on unallocated operations), compared with a positive 18 million euros at December 31, 2009.

This effect represents the impact described in section 1.1.1 – “Overview” of measuring core exposure at weighted average cost. The core exposure effect is not included in the operating margin, as changes in value of inventories that are included in operating margin are measured based on replacement cost, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

1.2.2 Net asset impairment

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data updated for the various business units.

The tests conducted in 2010 resulted in the recognition of a 43 million euro impairment loss, of which 33 million euros corresponded to partial impairment of the cash-generating unit which groups Nexans' operations in Australia and New Zealand. A sharp increase in imports into the Australian market from low-cost countries led to Olex losing market share with a number of customers who are facing fiercer competition themselves. As the Group considers that this situation might continue in the long term, in first-half 2010 it wrote down a portion of the value specifically allocated to Olex's customer portfolio at the time of the company's acquisition. In the second half of the year an additional impairment loss was recorded against goodwill.

In addition, the goodwill and other intangible assets of the Spanish units were fully written down in an amount of 8 million euros, in view of the fact that the country's economic situation has not improved, particularly in the domestic real-estate market.

The remainder of the impairment losses recognized in 2010 relate to capital expenditure – mainly maintenance outlay incurred for Group operations – that had already been fully written down in prior years and for which the outlook at December 31, 2010 did not justify a reversal of the corresponding impairment losses at that date.

The impairment tests performed in 2009 resulted in the recognition of a 21 million euro net impairment loss, of which nearly half related to a partial write-down of the goodwill allocated to 2 Italian units producing special cables and 5 million euros concerned goodwill recorded for the harness business, following the heavy impact of the economic crisis felt by these businesses in 2009. The remaining impairment recorded in the balance sheet related to capitalized maintenance outlay for Group operations that was already fully written down (mainly for metallurgy operations).

1.2.3 Restructuring costs

Restructuring costs came to 67 million euros in 2010 (see the breakdown provided in Note 23 to the consolidated financial statements) compared with 119 million euros in 2009.

The 2010 figure primarily reflects provisions set aside for plans to close two cable manufacturing plants (Latina in Italy and Lorena in Brazil) which mainly serve the energy infrastructure market.

The Group's infrastructure cables business in Italy rarely managed to break even, despite various corporate restructurings carried out in the past as well as major injections of funds. The ongoing falloff in orders by power network operators – both in the local market and internationally, especially for Spain – left the Group no alternative but to decide to definitely close the site. The planned closure will affect a total of 155 employees. In Brazil, the Group continued to implement capacity reduction measures during the year due to a steep falloff in the overhead power lines market – which is the main production market for the Lorena site – combined with the Group's overcapacity for copper cables as a result of plants it acquired from the Madeco group in 2008. Following the closure of the Lorena plant, the Group's production capacity in Brazil will be grouped at two sites instead of the former three.

The remainder of the restructuring costs for 2010 correspond mainly to routine closure expenses relating to operations discontinued in 2009, particularly in France.

As was the case in 2009, all of these plans will include assistance measures negotiated with employee representative bodies aimed at reducing the impact of the closures on the employees concerned.

1.2.4 Changes in fair value of non-ferrous metal derivatives

Nexans uses futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge its exposure to non-ferrous metal price fluctuations (copper, aluminum and, to a lesser extent, lead).

Due to the sharp volatility in non-ferrous metal prices, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IAS 39. Consequently, when these instruments (i) are used to hedge future transactions (notably copper cathode purchases) that are highly probable but not yet invoiced, and (ii) meet the requirements in IAS 39 for cash flow hedge accounting they are accounted for similarly to foreign exchange hedges that qualify for cash flow hedge accounting as follows: the portion of the unrealized gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity, and the ineffective portion is recognized in income under "Changes in fair value of non-ferrous metal derivatives". Any gains or losses previously recognized in equity are recycled to the income statement in the period in which the hedged item (e.g., the purchase of copper cathodes) affects income.

At end-December 2010, only a few of the Group's units did not yet fulfill the conditions enabling their derivatives to qualify for hedge accounting. For these units, gains and losses arising from fair value adjustments to non-ferrous metal derivatives is recognized in the income statement under "Changes in fair value of non-ferrous metal derivatives".

1.2.5 Net gains on asset disposals

The Group recorded a 15 million euro net gain under this item in 2010, half of which corresponded to gains realized on two transactions: (i) the sale of Nexans Morocco's battery manufacturing business in the first quarter of the year, and (ii) the sale of Nexans' majority stake in the Vietnam-based company LIOA. The remaining half primarily related to gains realized in 2010 on the sale of various plots of land.

1.2.6 Net financial expense

The Group recorded a net financial expense of 84 million euros in 2010, compared with 102 million euros the previous year. The cost of net debt increased by 11 million euros, reflecting the full-year impact of the Group's June 2009 issue of OCEANE 4% bonds redeemable in 2016, following its decision to continue to extend the average maturity of its debt (see Note 24 to the consolidated financial statements).

Other financial expenses were 29 million euros lower than in 2009, chiefly due to the currency effect, with the Group recording a net foreign exchange gain of 4 million euros versus a net foreign exchange loss of 19 million euros in 2009.

1.2.7 Income taxes

Nexans reported an income tax expense of 26 million euros in 2010 against 39 million euros in 2009.

In 2009, the Group's income tax charge was significantly affected by the fact that no new deferred tax assets were recognized in relation to the losses incurred in certain countries during that year, notably as a result of restructuring costs. In 2010, however, the Group's higher taxable profit (due to (i) the spike in copper prices (core exposure effect – see section 1.2.1 above), (ii) lower restructuring costs), as well as the initial signs of an economic recovery, led to a greater utilization of tax losses carried forward from prior years and the recognition of a higher amount of deferred taxes on tax losses than in 2009.

The effective tax rate for profit-making entities at December 31, 2010 was 18.1% compared with 21.4% at December 31, 2009.

1.2.8 Principal cash flows for the period

Net cash generated from operating activities totaled 207 million euros in 2010 versus 461 million euros in 2009, breaking down as follows:

- 268 million euros in cash flows from operations (before gross cost of debt and tax), which was close to the 2009 figure despite 68 million euros in outflows for restructuring costs in 2010 compared with 44 million euros the previous year.
- A 61 million net cash outflow arising from changes in current assets and liabilities versus a 203 million net inflow in 2009. Ongoing measures to reduce working capital requirement were not sufficient to fully offset the impact of the steep rise in copper prices. Nevertheless, the working capital to sales ratio continued to improve, with average operating working capital requirement (trade receivables plus inventories less trade payables) for the four quarters of 2010 representing 18.5% of sales for the four quarters on an annualized basis, versus 21.3% in 2009.

Net capital expenditure was contained, totaling 116 million euros against 156 million euros in 2009. Dividends paid out by the Group in 2010 amounted to an aggregate 28 million euros versus 56 million euros the previous year.

Overall, at December 31, 2010, the Group's net debt totaled 144 million euros, on a par with the year-earlier figure of 141 million euros.

1.2.9 Balance sheet

At December 31, 2010, the Group's balance sheet showed:

- 2,164 million in equity attributable to owners of the parent, up 288 million euros on December 31, 2009, primarily due to 176 million euros in positive currency translation adjustments.
- Net debt of 144 million euros, giving rise to a gearing ratio (net debt/total equity) of 6.6%.

- Total working capital requirement of 1,057 million euros, up 149 million euros on the December 31, 2009 figure, chiefly as a result of the increase in non-ferrous metal prices.
- Provisions for contingencies and charges – including for pensions – totaling 474 million euros, 16 million euros lower than at December 31, 2009, chiefly due to the utilization of restructuring provisions.
- Non-current assets, excluding deferred tax assets, totaling 1,815 million euros, versus 1,693 million euros at year-end 2009, reflecting a positive 160 million euro currency effect. The goodwill figure (see Note 7 to the consolidated statements) at year-end 2010 includes a final 11 million euro adjustment to the goodwill recognized on Madeco's cables business on its acquisition in 2008. The agreement signed in January 2011 which set the additional purchase consideration for the acquisition puts an end to the arbitration proceedings between Nexans and Madeco.

1.2.10 Other significant events of the year

a) Employee share ownership plan

On February 10, 2010, Nexans announced its intention to carry out a new employee share issue involving the issuance of a maximum of 500,000 shares as part of the "Act 2010" employee share ownership plan (see section 8.4 hereafter for further details).

The 2 million euro expense relating to the Act 2010 plan was recognized during the first half of 2010 and includes the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up an employee mutual fund. In accordance with the recommendation issued by the French National Accounting Board (CNC), the value of the lock-up period was calculated using interest rates applicable in the personal investment market, corresponding to 6.34%. The expense that would have been recorded if the impact of the lock-up period had not been taken into account would have been 4.9 million euros.

b) Changes in scope of consolidation

In 2010, the Group sold its 60% stake in LIOA, one of its two joint ventures in Vietnam. This disposal gave rise to a 4.3 million euro capital gain in the second half of 2010, which was recognized in the income statement under "Net gains on asset disposals" and had a positive 9.5 million euro impact on consolidated net debt.

In 2010, LIOA contributed 11.5 million euros to Nexans' consolidated sales (at current metal prices) and 0.4 million euros to operating margin.

1.3 Nexans SA

1.3.1 Business overview

Nexans SA reported sales of 12,882,063 euros for the year ended December 31, 2010, derived primarily from services billed to its subsidiaries. Net income for the year totaled 28,683,911 euros versus 61,742,534 euros in 2009.

The Company's equity at December 31, 2010 was 1,695,792,131 euros, compared with 1,671,777,697 euros at December 31, 2009.

In accordance with the requirements of Articles L.441-6-1 and D.441-4 of the French Commercial Code, it is hereby disclosed that Nexans SA had outstanding trade payables of 128,240 euros at December 31, 2009 and 1,148,075 at December 31, 2010, (in this second case not payable as of end 2010 but payable at the first quarter 2011).

1.3.2 Proposed appropriation of 2010 net income and dividend payment

The Annual Shareholders' Meeting will be asked to approve the appropriation of net income for the year – totaling 28,683,911 euros – as follows:

- Retained earnings brought forward	272,832,691 euros
- 2010 net income	28,683,911 euros
- Legal reserve	(59,146) euros
Total distributable income	301,457,456 euros

Appropriation of income

(based on the number of shares comprising the share capital at December 31, 2010, i.e., 28,604,391 shares)

- Dividend payment of 1.1 euro per share, representing a total dividend of	31,464,830 euros
- Retained earnings	269,992,626 euros
Total	301,457,456 euros

The Annual Shareholders' Meeting will be invited to approve a dividend payment of 1.1 euro per share, representing a total payout of 31,464,830 euros based on the number of shares making up the Company's capital at December 31, 2010. However, this dividend amount could potentially be increased (and retained earnings correspondingly reduced) by a maximum of 2,051,311 euros in order to take into account the 1,864,828 maximum number of additional shares that could potentially be created, between January 1, 2011 and May 31, 2011 as a result of the exercise of stock options.

In the event that Nexans should hold any treasury shares at the time the dividend is paid, the amount corresponding to the dividends not paid on these shares will be allocated to the retained earnings account.

In compliance with Article 243 bis of the French Tax Code (Code général des impôts), it is specified that all of the Company's shares are of the same category and that all dividends paid will be eligible for the 40% tax relief referred to in Article 158, section 3, subsection 2 of said Code.

The total amount of dividends paid for the last three fiscal years and the total amount of the dividends qualifying for the 40% tax relief were as follows:

	2007 (paid in 2008)	2008 (paid in 2009)	2009 (paid in 2010)
Dividend per share	€2	€2	€1
Number of shares qualifying	25,372,103	27,970,803	28,101,995
Total payout	€50,744,206	€55,941,606	€28,101,995

(1) Plus any shares issued on the exercise of options between May 31 (date of the Annual Shareholders' Meeting) and the dividend payment date, as these shares would also entitle their holders to any dividend payment voted at the 2011 Annual Shareholders' Meeting.

2. Progress made and difficulties encountered in 2010

The committed drive of Nexans' employees enabled the Group to continue to roll out the measures and action plans begun in 2009 in response to the tough operating environment. The plans already put in place to cut costs, reduce working capital requirement and improve operating performance at the Group's manufacturing facilities were further stepped up in 2010. In parallel, the Group continued to streamline its manufacturing base, announcing plans to close two additional sites – one in Italy and the other in Brazil.

At the same time, in emerging markets, Nexans continued to invest in manufacturing expansion of several plants and also finalized the Greenfield investment in Qatar. Investments were also made in information systems, which are a key element of the Group's operations.

In 2010, Nexans' employees demonstrated their trust in the Group and its future by actively participating in Nexans' fourth employee share issue. The overall take-up rate was 19.4% with a more than 50% increase in the number of employees purchasing shares compared with the previous issue in 2008.

Cost control:

In 2010, several factors led the Purchasing Department to rethink its strategic actions and objectives, including:

- Strong fluctuations in several currencies, which required the Group to select suppliers accordingly.
- Tight supply of some plastics raw materials, as certain suppliers that reduced their capacity in 2009 in response to lower consumption levels experienced under capacity in 2010 as orders picked up. This impact then fed through to market prices. The Group's long-standing strategy of avoiding supplier monopolies paid off, enabling it to deal with this new market situation without any impact on production while at the same time limiting the adverse effect on its purchase prices.

The Purchasing Department also stepped up its efforts in the following areas during the year:

- Adapting the copper supply policy to Nexans' new organizational structure for metallurgy operations.
- Rolling out measures taken by the Purchasing Department to new areas such as insurance and quality and product certification.
- Intensifying targeted initiatives in Asia and South America by launching regional invitations to tender.
- Capitalizing on pricing opportunities during the year by incorporating advantageous conditions into gas and electricity contracts with terms of more than one year, in Australia, France, Brazil and North America.
- Continuing to seek out new cost-reduction opportunities (such as for freight).

- Implementing "green" purchasing measures, in cooperation with certain suppliers, such as using wooden drums certified by the PEFC (Programme for the Endorsement of Forest Certification) and carbon offsets for business travel. A large number of suppliers responded favorably to the Group's request to sign a CSR charter.
- Launching a three-year action plan to completely overhaul purchasing systems, in order to facilitate the consolidation of purchasing information and more effectively monitor measures that have been undertaken.

In addition to these initiatives focused on variable production costs, the Group took steps to cut its fixed costs during the year, which enabled it to keep fixed costs at the same level as in 2009. The measures carried out were aimed at offsetting both the impact of inflation (which was double digit in some countries) and the effect of suddenly moving from a period of very low production load to dramatic upturns in some markets.

Support processes and industrial coordination :

The Group continued to roll out the Nexans Excellence Way program in 2010. Fifty-seven facilities are now fully involved in the program and have seen improvements in their operations in terms of costs (productivity and waste reduction), employee motivation, health and safety, and customer service. Particular attention was paid during the year to resolving problems on-site and bringing organizational structures into line with manufacturing competency models.

- **Health and Safety:** Improving health and safety conditions is still one of the Group's key priorities. In 2010, the manufacturing facility accident rate was 35% lower than in 2009 and the objective of achieving a frequency rate⁽¹⁾ of less than 10 was achieved (8.9 in 2010). The Group continued to work actively in this area during the year, carrying out a systematic analysis of all serious accidents, organizing awareness days for management teams, and drafting and relaying occupational health and safety standards.
- **Operating efficiency:** This covers essential areas such as containing direct costs, reducing inventory levels and delivering best-in-class customer service. In 2010, the focus was on waste reduction.
- Monitoring consumption of raw materials – By implementing waste-reduction processes and concentrating on specific sites that produce the highest level of waste, scrap rates were reduced to 4.9% in 2010, from 5.2% in 2009.
- Inventory reduction – Nexans continued to roll out the Inventory Reduction and Improved Service (IRIS) program in all of its geographic regions during 2010. The Group's inventory coverage rate (inventories expressed in days sales) fell once again in 2010, with the near-3% reduction bringing the overall decrease to 20% in the space of three years. In parallel, the customer service rate held firm at 87% and in 2011 priority will be given to further improving this rate.

(1) Manufacturing facility accident rate = Total number of accidents in the manufacturing facility with sick leave in excess of 24 hours/Total number of hours worked x 1,000,000.

- **Monitoring manufacturing industrial projects:** Major capital spending projects are carefully monitored, right from the approval phase through performance and up to completion. In 2010, a similar process was set up for product localization projects as part of the Group's overall strategy for partnering customers in new host countries.

Also during the year, the Group's Industrial Management Department teams continued to effectively coordinate Nexans' major projects. The Qatar plant – which forms part of the QICC joint venture in which Nexans is a minority shareholder – is now up and running. At the same time, the construction project launched in India by the joint venture set up between Nexans and Polycab is now underway.

Use of optimized information systems:

In 2010, Nexans continued to upgrade and increase the security of its information system networks with a view to providing the necessary support in light of changing business trends and the Group's external growth plans. Internet Protocol (IP) telephony is an integral part of these changes. At end-2010, thirty-six sites used video over IP and 1,000 workstations were set up for telephony over IP.

An IT services transformation project was launched at Group level during the year in order to create shared services for the purpose of managing Nexans' strategic applications (e.g., SAP, Exchange, HFM, BI and portals). A single partner has been selected for the data centers and the first stage of the project is the gradual migration of corporate applications into the new system.

In parallel, the Group continued to bring integrated business management applications on stream. For example, SAP was introduced in Canada in September 2010 and the new version of SAP ECC6.0 was rolled out in Australia in January and in New Zealand in September.

The project to migrate SAP 4.6c applications specific to cable operations to the new ECC6.0 version entered the performance phase, with Switzerland chosen as the pilot site. After the pilot phase (i.e., after 2011), this major project will be rolled out to countries including France, Germany, Benelux, Norway, Spain, Greece, South Korea and the United States. The new system is based on a «best practices» brief drawn up by the Group, covering areas such as logistics, production, purchasing and finance. The new version also factors in comments and requests resulting from the Nexans Excellence Way program aimed at improving the monitoring of manufacturing performance.

Several Microsoft Navision projects are also currently being set up for the Group's less complex sites, including in China, Lebanon, Qatar, Nigeria and Egypt. These are based on the new version of Navision which also incorporates the Group's best practices.

In addition, the Group continued to roll out its Customer Relationship Management application in 2010. A total of 500 people who manage the invitations to tender now form part of a single quotation and bid monitoring system. IT security remains a priority for Nexans and tests conducted in 2010 yielded good results. Several Disaster Recovery Plans were successfully tested in France, Norway, Switzerland, Germany, South Korea, Sweden and Turkey and the Group has launched business continuity plans to raise awareness within the operating entities and prepare contingency procedures to implement in the event of a serious systems malfunction.

Nexans also continued to contribute to the working groups organized by the CIGREF (French corporate IT association), which has enabled the Group to widen its prevention measures based on the experience of other major French corporations.

Main difficulties encountered in 2010:

Business volumes troughed during the first half of 2010 and subsequently picked up in most segments in the last few months of the year. This move from several quarters of slack workload to a sudden recovery in orders and the start-up of postponed projects constituted a challenge for the Group during the year. In parallel, margins were squeezed in certain segments due either to fierce pricing competition or sharp increases in certain commodity prices that were more difficult to pass on to customers than in the past. All of these factors indisputably weighed on the Group's profitability in 2010.

Against this backdrop, it proved particularly complex to manage the restructuring plans in Brazil and in Italy.

Lastly, the Group encountered performance difficulties on several high-voltage submarine cable contracts due to very tight workload schedules at the Halden plant as well as a number of complex projects. However, the Group returned to a more normal situation at the end of the year thanks to a complete organizational overhaul and the strengthening of certain key manufacturing processes.

3. Research and Development

Nexans places a particular focus on innovation and to this end has research teams dedicated to developing new materials and technologies.

Despite the global economic crisis, a high level of financial resources was once again allocated to R&D activities in 2010 (71 million euros for the Group overall, versus 64 million euros in 2009).

Nexans set up a new R&D organizational structure during 2010, with the aim of more effectively meeting customer needs and aligning its innovation capabilities with the Group's new profile following its expansion in recent years. This new structure is based on two levels of responsibility:

- 4 Nexans Research Centers, which have been entrusted with carrying out upstream research activities in their specific area of expertise, in conjunction with external partners such as universities and external research centers and organizations. These 4 Centers are also responsible for fine-tuning new technologies and providing technical support in the various development areas in which the Group is involved. They work for all of Nexans' business units and are therefore fully financed by the Group. Two are based in France – at Lens for metallurgy and Lyon for other cross-linked materials as well as simulation activities. A third Center – for thermoplastic materials – is based in Nuremberg in Germany and the fourth Research Center – which specializes in elastomers – is a new Center set up in Jincheon County in South Korea in line with the Group's aim of internationalizing its research and development activities.
- 24 development networks corresponding to the 24 market segments identified by the Group as strategic in terms of growth. Each of these networks is responsible – in its own specific area of expertise – for designing product development programs, coordinating the work conducted on the programs by the various units concerned and ensuring that the work is performed effectively. They are also tasked with identifying new technologies relating to their market segments as well as regularly liaising with the Group's marketing teams in order to ensure that Nexans' development activities are in line with customer demand. Each network head is supported by a supervisory unit that specializes in the market segment concerned. The aim of decentralizing development activities in this way is to enable Nexans' teams to more closely meet customer needs while drawing on the support provided by the 4 Research Centers.

Also during the year, Nexans put in place a new management procedure for major R&D projects. Some twenty strategically important projects were earmarked in late 2009 and are now being closely overseen by the Technical Department, which also provides financing for the activities concerned.

Thanks to this new management procedure, key Group projects can be more readily identified and priority action areas defined with a view to speeding up the rollout of new solutions.

The Group's main R&D successes in 2010 included the following:

- Innovative direct current solutions developed: extruded cables and 200kV superconducting extremities.
- New products developed for smart grids.
- Current limiters marketed for protecting medium-voltage power networks.
- Certification of new generation composite core power lines.
- Rollout of INFIT® solutions for fire resistant cables and the halogen-free ALSECURE® range.
- Numerous projects in the Industry segment, including submarine and nuclear cables and cables for solar energy and wind power.

Lastly, Nexans filed 75 patents in 2010, establishing a new record for the Group and confirming the strength of its patent portfolio.

4. Significant events after the reporting period

The Group is not aware of any significant events that occurred after the end of the reporting period.

5. Trends and outlook for 2011

The last quarter of 2010 saw a marked improvement in the economic climate, which fueled a clear upswing in business volumes for all of the Group's operations. However, while business levels are expected to continue to trend upwards in 2011, the Group does not foresee sales reaching their «pre-crisis» levels. Margins are likely to pick up only gradually due to ongoing fierce price competition and the impact of hikes in the prices of certain commodities, as well as to the proportion of medium- and long-term contracts contained in the order book that the Group won at the height of the global downturn.

Against this backdrop, the Group will once again focus on several key action points, including:

- Keeping a close eye on changes in selling prices.
- Continuing its efforts to reduce working capital requirement.
- Optimizing the manufacturing base in order to manage as effectively as possible the strong upturn in volumes for a number of its businesses, particularly project-based work, by making industrial excellence a key competitive advantage for the Group.
- Keeping up the contract performance measures implemented for high-voltage submarine cables, in order to swiftly return to a more normal operating context.
- Continuing to reflect on the future of certain sites if a sustainable recovery for the businesses concerned cannot be envisaged in view of the Group's competitive positioning.

- Rolling out a “customer orientation” sales excellence program.
- Re-launching Nexans’ large-scale capital expenditure program, particularly in the international market for major projects.

Sales volumes should continue to rise sharply in 2011, with a particularly sharp increase expected in the first half compared with the same period of 2010. Operating profitability bottomed out in 2010 and is expected to climb steeply in 2011. While noting that the accuracy of any forward-looking data will be affected by the actual scale of the upturn as well as by changes in commodity prices – an area that is outside the Group’s control – Nexans considers that it could achieve an operating margin of around 5.5% in 2011.

6. Risk factors

The organizational structures and procedures in place within the Group relating to risk management are described in the 2010 report of the Chairman of the Board of Directors prepared in accordance with paragraph 6 of Article L.225-37 of the French Commercial Code.

6.1 Legal risks

6.1.1 Compliance risk

The Group is not subject to any specific regulations as a result of its business activity. However, in view of its wide geographic reach, it is required to comply with numerous national and regional laws and regulations, notably concerning commercial, customs and tax matters. Any amendments to these laws or regulations or how they apply to Nexans could result in a decrease in the Group’s profitability and earnings.

Nexans has set up a project – overseen by the Group Purchasing Department – aimed at ensuring that the products it sells comply with the European REACH Regulation which came into force on June 1, 2007. The Group continued to carry out its compliance process in 2010, particularly with a view to registering certain substances that it uses. This project was rolled out to the Group’s European sites during the year, which also involved putting in place a number of procedures and best practices aimed at incorporating regulatory requirements into the processes used for purchasing raw materials, designing new products and manufacturing and selling cables.

6.1.2 Antitrust investigations

The legal risk to which the Group is currently most exposed is the risk relating to investigations by antitrust authorities.

In late January 2009 investigations were launched against Nexans and other cable manufacturers concerning alleged cartel behavior in the sector of submarine and underground power cables and associated equipment and services. These investigations – which are still ongoing – are being conducted

by the European Commission, as well as competition authorities in Australia, South Korea (in addition to an investigation into the Group’s local operations), the United States and Brazil (launched in 2010). Investigations in Japan and New Zealand have now been closed.

The Group is not in a position to evaluate the possible outcome of these investigations. However, without prejudice to the conclusions of the investigations, given the level of fines imposed by the US and European competition authorities in recent cases and the potential direct and indirect consequences of this type of investigation, it is possible that the investigations may have a material adverse effect on the Group’s earnings and consequently its financial position.

The Group has taken several measures to ensure that it complies with all applicable laws and regulations, notably including those concerning competition. One example of these measures is the updates it carried out in 2008 and 2010 to the Group’s Code of Ethics and Business Conduct, which sets out the principles that the Group’s employees are expected to respect in the course of their work and which is distributed widely throughout the Group.

In addition, in the first half of 2009, the Group adopted a Competition Compliance Program which describes the underlying principles for ensuring that Nexans’ employees strictly respect all the provisions of the applicable competition laws. The principles adopted include the requirement to relay Group compliance procedures and standards to employees and ensure that these procedures are strictly respected. The Program also provides for a continuation of in-house training within the Group’s entities in the aim of continually raising employee awareness of the risks relating to unfair competitive practices.

An internal audit was performed in 2010 on the Annual Action Plan included in the Competition Compliance Program in May 2009. The audit report – which stated that the Action Plan was progressing and that the internal control systems and procedures put in place are adequate – was presented to Nexans’ Accounts and Audit Committee and the Board of Directors in July 2010.

A new Annual Action Plan was approved and relayed to all of the Group’s local managers in July 2010. This new plan provides for (i) employee training and awareness-raising measures on competition law to be continued, (ii) all Group employees to be provided with the Group’s Code of Ethics and Business Conduct, and (iii) all Group sales teams and their managers to sign an annual certificate confirming that they comply with the rules set out in the Group Competition Law Compliance Guidelines.

The Group also has a set of internal control rules and procedures for managing compliance risks which have been regularly tightened over the past several years (see the Internal Control section of the 2010 Report of the Chairman of the Board of Directors).

The procedures and processes put in place by the Group cannot, however, provide an absolute guarantee that all risks and problems relating to competition law have been or will be completely eliminated or entirely brought under control.

6.1.3 Risks related to claims and litigation

Due to the nature of its operations the Group is exposed to the risk of commercial and technical disputes.

Furthermore, as part of its day-to-day business, Nexans is subject to legal risks arising from relations with partners, customers and suppliers. The Group is currently involved in a number of disputes, primarily relating to contractual liability (see section 6.2.1 below as well as section 6.2.7 on environmental risks).

6.2 Business-related risks

6.2.1 Risks related to contractual liability

Product liability

The nature of Nexans' business exposes it to product liability claims and claims for damage to property or third parties allegedly caused by its products. Nexans provides warranties concerning the performance of its products, which may cover a long period of time. In addition, warranties given to Nexans pursuant to contracts for the supply of the materials and components used in the Group's products may be less extensive than the warranties Nexans gives to its customers (for example steel tubes in umbilical cables and the optical fiber in optical fiber cables).

The Group has not recorded a provision for one particular dispute concerning product liability as the recognition criteria were not satisfied. This case concerns cables manufactured by one of the Group's European subsidiaries and sold to a harness manufacturer. The manufacturer then sold the cables to an automobile equipment manufacturer, which in turn sold them to a European automaker. Nexans' subsidiary was not informed of the automaker's technical specifications. The automaker used Nexans' cables along with switches in its wipers systems, and some of the cables allegedly broke. The subsidiary considers that the cables sold met the specifications of its customer, i.e., the harnesses manufacturer.

In January 2008 the automobile equipment manufacturer filed an emergency application against the harness manufacturer to obtain a court order appointing an expert to find and safeguard any available evidence in order to identify the technical cause of the problem. Nexans was involved in this procedure, during which the automobile equipment manufacturer claimed that the cables supplied did not comply with the technical specifications of the harness manufacturer, an allegation both the harness manufacturer and Nexans contest. The court will issue an opinion on the expert's technical report at the end of the procedure. The automaker allegedly undertook a recall affecting around 350,000 installed switches. Finally, the automobile equipment manufacturer confirmed that in 2007 its client, the automaker, filed a 17 million euro claim against it based on the number of vehicles returned at that date. Nexans notified its insurer of this claim at the time.

Although it is not yet possible to ascertain the impact of the above-described case, Nexans currently does not consider that it will have a material impact on the Group's consolidated financial position. It is, however, not in a position to exclude any such possibility.

Contracts related to turnkey projects

The majority of contracts for the supply and installation of cables as part of turnkey infrastructure projects involve high-voltage terrestrial and submarine cable operations, which account for approximately 16% of consolidated sales at constant non-ferrous metal prices. The individual value of these contracts is often high and they contain penalty and liability clauses that could be triggered if Nexans does not comply with the delivery schedule and/or with quality requirements (for example, technical defects requiring major intervention after installation due to product non-conformity resulting from production anomalies).

In addition, a number of turnkey contracts are performed as part of consortia set up between the Group and a manufacturer and/or service provider or with the large-scale involvement of a manufacturer or subcontractor. In this case, Nexans shares, to a certain extent, its partners' performance risks.

Any claims made in relation to turnkey projects could potentially have a material adverse effect on Nexans' earnings and consequently its financial position as (i) they can involve heavy penalties, (ii) all or some of the cables installed may have to be replaced, (iii) claims may be lodged for compensation, (iv) warranty periods may have to be extended, and/or (v) resulting delays may affect the financial structure of the project.

If any such claims arise, Nexans takes their impact into account when calculating the margins the Group recognizes on the contracts concerned, as described in Note 1.g to the consolidated financial statements.

For example, in late 2009 the Group encountered problems on a contract for high-voltage submarine cables when its end-customer – a Chinese State-owned company – disputed the amounts payable for protecting cable that had already been laid (and in working order), claiming that the protection works took an excessive amount of time to complete. In the first half of 2010 Nexans recorded a provision in its financial statements which covered the settlement agreement with the customer concluded beginning 2011 relating to works completed.

Another problem was encountered with this project as a ship operated by a Chinese sub-contractor involved in the cable-laying process accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army impounded the ship and would not allow Nexans' equipment on board to be unloaded. The army then lodged a claim – amounting to some 7 million euros – which has now been resolved.

Finally, Nexans is involved in a dispute with the Chinese subcontractor as the subcontractor is claiming the payment of invoices for the leasing costs of its equipment during the period when it was impounded by the Chinese army. Conversely, Nexans is claiming from the subcontractor compensation for losses caused by the accident (i.e., delays in the project). This dispute was still ongoing at end-December 2010 and has been referred for arbitration in Singapore.

At end-2010, Nexans considered that certain of its contracts could give rise to performance difficulties but these were not sufficiently significant for the Group to recognize provisions in the financial statements or disclose them as contingent liabilities.

Controlling risks

All major contracts entered into by the Group are subject to a systematic risk-assessment procedure and all bids representing over 5 million euros are submitted to the Group Tender Review Committee. Particular focus is placed on ensuring that the Group's sales teams pinpoint the risks inherent in sales contracts and that they involve the Group's Legal Department in contractual negotiations.

In order to mitigate product liability risk, the Group has set up stringent product quality control procedures. A large number of Nexans' units are ISO 9001 or 9002 certified. In addition, each unit monitors a set of indicators on a monthly basis in order to assess progress made in terms of quality and customer satisfaction.

Nexans currently has product liability insurance that it considers to be in line with industry standards, and whose coverage amounts largely exceed any past claims. However, Nexans cannot guarantee that its insurance policies would provide sufficient coverage for all forms of liability claim (see section 6.4 below) as although the coverage amounts are high, they are capped at annual levels and the policies contain standard exclusion clauses, notably concerning the cost of the product itself and late-delivery penalties.

6.2.2 Risks related to dependence on customers

Nexans' activities span a broad range of businesses, encompassing cables for the infrastructure, building and industry markets for both energy and telecommunications purposes, and it has many different types of end-customer – including distributors, equipment manufacturers, industrial operators and public operators – in a wide variety of countries. This diversity acts as a safeguard for the Group as a whole and no customer accounted for more than 4% of consolidated net sales in 2010. However, certain customers may represent a significant portion of a particular production unit's business, and the loss of one such customer could have a significant impact on a local level, potentially leading to the closure of the manufacturing facility concerned.

In addition, given the level of operating income involved and the difficult market conditions, the loss of one customer, particularly in markets with a small number of players, such as shipbuilding, aeronautics, or the automotive industry, could affect Nexans' income.

Lastly, the demand for certain products depends on the economic environment of the related business sector, such as in the oil industry.

6.2.3 Risks related to raw materials and supplies

Copper, aluminum and plastics are the main raw materials used by Nexans, with copper and aluminum accounting for the vast majority of the Group's raw materials purchases. Therefore, price fluctuations and product availability have a direct effect on its business. Nexans has so far always been able to obtain adequate supplies, at commercially reasonable prices. A global copper shortage or interruptions of supplies could have an adverse effect on Nexans' earnings, even though Nexans has diversified its sources of supply as much as possible in order to reduce these risks. The situation is to some extent similar for petroleum by-products such as polyethylene, PVC and plasticizers. The inability to source raw materials at reasonable prices could therefore negatively affect Nexans' business and earnings.

The Group's policy is always to have at least two suppliers for any raw material or component used in manufacturing its products. There may be certain rare cases where the Group uses a sole supplier, particularly in the case of raw materials used for the production of high-voltage cables. With the help of the Research and Development Department, in 2008 Nexans' Purchasing Department launched a program aimed at reducing sole source procurement situations. Nexans did not experience any raw materials shortages in 2010 although its supplies were extremely tight at times.

Copper consumption in 2010 amounted to 450,000 tons (excluding the 60,000 tons processed on behalf of customers). As part of its strategic purchasing policy to secure supplies of certain raw materials, both in terms of volume and price (for example, the LME price plus a premium), the Group has signed a copper cathode purchasing contract with one of its suppliers covering up to the end of 2010. The annual volume purchased under this contract is set at the end of the year for the following year. In early 2011 negotiations were in progress for a new contract covering the period from 2011 through 2013. To cover its remaining copper cathode requirements the Group enters into annual purchasing contracts with other suppliers that include pre-determined volumes. Nexans' commitments under these agreements correspond to approximately 300,000 tons of copper for 2011.

The Group's aluminum consumption in 2010 totaled 149,000 tons. In order to secure its supplies of aluminum wire rods the Group has given firm purchase commitments for minimum quantities of approximately 40,000 tons per year for the period from 2008 through 2012. This policy forms part of an overall partnership with two leading international producers.

Summary of copper and aluminum commitments under take or pay contracts or other agreements:

Raw material	Commitments (in thousands of tons)			Market value	Purpose
	2011	2012	2013		
Copper	300	200 ⁽¹⁾	100 ⁽¹⁾	LME	Own use
Aluminum	40	47	-	LME	Own use

(1) Estimated amount, subject to adjustment.

As these products are quoted on regulated markets, any hypothetical surplus quantities purchased under firm commitments but not subsequently used can then be sold, although the Group may incur a potential cost resulting from price differentials.

The financial instruments used by the Group to manage its exposure to commodities risks for copper and aluminum are described in paragraph d (Metals price risk) of Note 26 to the consolidated financial statements (Financial risks). The sensitivity of the Group's earnings to copper prices is described in paragraph g (Market risk sensitivity analysis) of the same note.

Other than for certain energy contracts that represent a low value for the Group as a whole, contracts entered into by Nexans for other raw materials are negotiated annually without any firm purchase commitments, and orders are placed monthly on the basis of the Group's requirements.

Risks related to the supply of raw materials are specifically monitored by each purchaser for the product family concerned.

6.2.4 Geopolitical risks in high-growth areas

Certain high-growth regions are important for the Group's development but some of these areas are exposed to major geopolitical risks. In 2010, some 13% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area, and less than 3% in countries which are classified by Coface as having a very unsettled economic and political environment or representing a very high risk.

6.2.5 Risks related to the Group's competitive environment

The cable industry is still relatively fragmented both regionally and internationally, and the cable, wire and cabling system markets are highly competitive. The number and size of Nexans' competitors vary depending on the market, geographical area and product line concerned. Consequently, the Group has several competitors in each of its businesses. Furthermore, for some businesses and in certain regional markets, Nexans' main competitors may have a stronger position or have access to greater know-how or resources. In Europe, where the Group generates around 50% of its sales, Nexans' main competitors are Prysmian, Draka and General Cable.

In recent years, cable makers have been affected by the crisis in the telecoms market as well as a steady increase in the trade of certain types of low value-added cable among countries in a given region. This has led a number of market players to launch restructuring programs to reduce excess production capacity. Aside from these corrective measures, however, there have been no radical changes to the structure of the industry and it remains relatively fragmented both on a regional and global scale.

At the same time, new players are entering the field, encouraged by the development of new markets, particularly in emerging economies.

Nexans faces stiff competition in certain markets given that a number of the Group's products such as cables, wires and accessories must comply with industry specifications and are interchangeable with the products of its main domestic and international competitors. In the industry market, OEMs (Original Equipment Manufacturers) are shifting away from standardized products, and Nexans therefore has to constantly develop new products in order to accommodate increasingly demanding specifications. The principal competitive factors in the cable industry are cost, service, product quality and availability, geographical coverage and the range of products offered.

In this environment, Nexans must constantly invest and improve its performance in order to retain its competitive edge in certain markets. In addition, Nexans continues to focus on the R&D, logistics, and marketing aspects of its businesses in order to stand out from the competition. At the same time, faced with downward pressure on prices, the Group strives to reduce costs by continuously streamlining its production processes, as well as through plans to boost its manufacturing performance.

6.2.6 Risks related to technologies used

In order to remain competitive, Nexans must anticipate technological advances when developing its own products and manufacturing processes. The growing demand for low-energy consumption, recyclable and less polluting products as well as value-for-money products and services requires the creation of innovative manufacturing processes, the use of new materials and the development of new wires and cables. Most of the markets in which Nexans has a presence tend to favor the use of highly technological products; it is therefore important that Nexans undertakes research providing it with

access to the technologies that are required and valued by the market. Moreover, despite the significant work conducted by the Group's Research & Development Department, and the ongoing monitoring of potentially competitive technologies, there is no guarantee that the technologies currently used by Nexans will not ultimately be replaced by new technologies developed by its competitors or that its competitors will not file claims for alleged patent infringement.

Nexans is regularly involved in patent infringement claims filed either by itself against third parties or by competitors against the Group. Until now, the financial consequences of such disputes have not been material for the Group.

6.2.7 Industrial and environmental risks

As a manufacturing group, Nexans is exposed to risks relating to the operations conducted at its production sites as well as major machinery breakdown incidents. The Group draws up systematic audit plans in conjunction with its property and casualty insurer with a view to preventing such risks. In addition, it has set up cost-reduction and restructuring programs at certain sites, which could be problematic to implement or may not generate all the anticipated cost-savings.

In view of Nexans' prominent role in the submarine high-voltage cables market, it needs a cable-laying vessel capable of performing the Group's installation contracts within the required timeframes. As there is a limited market for such vessels, Nexans directly owns a cable-laying vessel, the Skagerrak, which is one of the rare ships in the world specially designed to transport and lay high-voltage submarine cables.

As is the case for any industrial player, Nexans is subject to numerous environmental laws and regulations in the countries where it operates. These laws and regulations impose increasingly strict environmental standards, particularly in relation to atmospheric pollution, wastewater disposal, the emission, use and handling of toxic waste and materials, waste disposal methods, and site clean-ups and rehabilitation. Consequently, Nexans is exposed to the possibility of liability claims being filed against it, and of incurring significant costs (e.g., for liability with respect to current or past activities or related to assets sold).

The Group has an in-house environmental management system that has been operational for several years and whose underlying objective is to enable the Group's sites to achieve EHP certification (Environnement Hautement Protégé or Highly Protected Environment). EHP certification is granted following an audit based on an in-depth questionnaire dealing with 12 environmental themes, which is sent to the Group's manufacturing facilities. See section 16.1 of this Management Report for further information.

In the United States, Nexans is subject to several federal and state environmental laws, under which certain categories of entity (as defined by law) can be held liable for the full amount of environmental clean-up costs, even if no fault is determined and the relevant operations comply with the applicable regulations. Nexans is not currently involved in any legal proceedings of this type. However it cannot guarantee that no such proceedings will arise in the future, which could in turn negatively impact the Group.

In general, various environmental claims are filed against the Group in the normal course of business. Based on the amounts claimed and the status of the proceedings concerned, together with the Group's evaluation of the risks involved and its provisioning policy, Nexans believes that there is little risk that these claims will have a material adverse effect on its future earnings or financial position.

At December 31, 2010, provisions recognized for environmental risks amounted to 6.5 million euros (including 2 million euros in connection with the clean-up of sites which are being closed). They primarily include an amount set aside for a lawsuit in Duisburg, Germany, filed by a city council and the purchasers of a plot of land relating to soil and ground water contamination. This soil contamination is long-standing and the related site restoration costs have not yet been determined. In addition, it has not yet been established whether Nexans is fully liable. Nevertheless, the Group has recorded a provision to cover any potential responsibility it may have for clean-up costs.

Provisions for environmental risks also include amounts relating to the clean-up of a landfill site at the Group's Swedish subsidiary as well as other costs for current or planned site rehabilitation and soil clean-up operations due to the use of products such as solvents and oils. Additional expenses may also be incurred for the clean-up of closed sites and sites earmarked for sale, but the Group expects the related amounts to be less than the market value of the sites in question. In addition, Nexans has undertaken site surveys in order to determine whether it needs to launch any site clean-up measures.

The Group believes that any unprovisioned costs for potential site rehabilitation should not have a material adverse effect on its earnings.

Nexans cannot guarantee that future events, in particular changes in legislation or the development or discovery of new facts or conditions, will not lead to additional costs that could have a material adverse effect on its business, earnings or financial position.

6.2.8 Nexans' position on asbestos

The manufacture of Nexans products does not involve any handling of asbestos.

In the past (and particularly to comply with French army specifications), asbestos was used to a limited extent to improve the insulation of certain kinds of cables designed for military purposes. It was also used in the manufacture of enamel wire furnaces at two sites in France, but this activity was discontinued several decades ago.

At end-2010, 60 people in France had been classified as suffering from an asbestos-related occupational illness, of which nine had filed lawsuits against their employers that are still in progress. In addition, 55 employees (25 at Nexans France and 30 at Nexans Copper France – formerly SCCC) are currently undergoing medical supervision. Outside France, a number of employees have been classified as suffering from an asbestos-related occupational illness in the past and the Group is aware of four lawsuits that have been filed concerning such illnesses. Management does not believe that this risk is likely to have a material adverse effect on the Group's earnings or financial position.

6.3 Financial risks

This section should be read in conjunction with Note 26 to the consolidated financial statements, entitled «Financial risks», which also sets out a sensitivity analysis for 2010.

Liquidity risks

The Group's main liquidity risks relate to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) plain vanilla bonds redeemable in 2017, (ii) convertible bonds redeemable in 2013 and 2016, (iii) a trade receivables securitization program set up by two subsidiaries, and (iv) to a lesser extent, short-term debt taken out by a number of the Group's subsidiaries;
- the Group's future financing requirements; and
- the financial ratios in covenants contained in the syndicated credit facility taken out by the Group, and the cross default clauses applicable to the above-described bonds.

Details of the Group's cash resources and requirements (such as cash surpluses, credit lines, financial ratings), together with its policy for managing and monitoring liquidity are described in Notes 24 and 26(a) to the consolidated financial statements.

Interest rate and foreign exchange risks

Nexans does not generally use interest rate hedges as it considers that its financing structure – as described in Note 26(b) to the consolidated financial statements – does not expose it to any specific interest rate risk. A sensitivity analysis concerning changes in interest rates is provided in Note 26(f) to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in Note 26(c). Nexans considers its exposure to foreign exchange risk on operating cash flows to be moderate for the Group as a whole, due to its underlying operational structure whereby most subsidiaries primarily operate in their domestic markets, with the main exception of export contracts in the high-voltage business. Currency hedges are set up by the Group in order for operating units' cash flows to remain denominated in their functional currency. A sensitivity analysis concerning fluctuations in the two main currencies that present a foreign exchange risk for the Group (the US dollar and the Norwegian krone) is provided in Note 26(f).

On account of its international presence, the Group is also exposed to foreign currency translation risk for certain currencies such as the US dollar, the Brazilian real, the Australian dollar and the Chilean peso. This risk is tracked by the Group Finance Department but only a limited number of specific hedges are set up, as the Group considers the cost of these hedges and their impact on cash flows to be prohibitive.

Metal price risks

The nature of the Group's business activity exposes it to volatility in non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead). Nexans' policy is to pass on metal prices in its own selling prices and to hedge the related risk either through a natural hedge or by entering into futures contracts on metal exchanges.

The Group's strategy for managing non-ferrous metal risks, the potential impact of fluctuations in copper prices and the hedges put in place by Nexans are described in Notes 26(d) and 26(f) to the consolidated financial statements.

Customer credit risk

As well as customer credit risk Nexans is exposed to financial counterparty risk, primarily arising from foreign currency and non-ferrous metal derivatives (see Note 26(e) to the consolidated financial statements).

6.4 Insurance

Nexans has a number of Group insurance programs that have been in place since 2003 and cover companies that are over 50%-owned and over which the Group exercises managerial powers. Entities acquired by Nexans are gradually incorporated into the majority of these programs. In view of the difficulties in applying some of the programs in certain countries, insurance policies are sometimes taken out locally in conjunction with the Group Insurance Department, such as in Brazil and Nigeria.

The insurance programs are negotiated with front-ranking insurers in the form of multi-year policies whenever possible ; they include exit clauses for the insurer. Their coverage limits are based on a historical analysis of Nexans' claims experience and the advice of the Group's brokers and generally exceed the maximum amount of insured losses incurred by the Group in the past. However, the policies do not always cover the entire risk as they may be capped in terms of insured amounts or not include certain types of coverage (for example the value of replacement products is not covered in the Group's third-party liability policy).

The Group relies on the expertise of the global networks of insurance brokers to assist it with controlling and managing the risks to which it is exposed in all the countries where it operates.

The overall cost of insurance policies (excluding personal insurance) taken out at Group level represents less than 0.5% of Nexans' sales at constant non-ferrous metal prices.

Apart from the directors and officers liability policy, the main insurance programs set up by the Group to cover its manufacturing and operating activities are described below.

Property damage – business interruption

The Group is covered for non-excluded property claims as well as business interruption arising from accidental damage to insured assets.

Certain geographic areas have more limited coverage for natural disaster risks, such as areas with a high risk of earthquakes (e.g., Greece, Italy, Turkey, Japan and Lebanon).

During 2010, Nexans continued its drive to reduce industrial risks by setting up a specific three-year capital expenditure program, designed in close collaboration between the Industrial Management Department and expert advisers from the Group's property insurer. These advisers regularly visit Nexans' manufacturing sites, making targeted recommendations on how to improve risk prevention and health and safety procedures, as well as subsequently monitoring that the recommendations have been implemented.

Third-party liability (general, environmental, aeronautical and aerospace)

These general policies cover the Group's entities for third-party liability claims that may arise during the course of their business or as a result of the products they manufacture. Environmental, aeronautic and aerospace risks are covered by specific policies.

With respect to third-party liability resulting from aeronautical or aerospace products, coverage for losses caused to third parties is limited to the occurrence of severe accidents or decisions to ground aircraft made by domestic or international civil aviation authorities, and excludes all other types of liability. It is possible that an extremely rare but highly serious claim could considerably exceed the insured amounts (or the policy's coverage) and could therefore significantly affect Nexans' earnings.

Third parties and insurers are turning increasingly toward litigation in order to either reduce or, conversely, expand the scope of contractual undertakings. The possibility of legal action being taken creates further uncertainties as to the amount of risk transferred.

Transport

Transport risks that are covered by insurance concern supplies, deliveries and transfers between sites, irrespective of the type of transport used.

Comprehensive construction insurance for laying terrestrial and submarine cables

Site work relating to the laying of both terrestrial and submarine cables is covered by two specific insurance programs.

Short-term credit risk insurance covering receivables owed by certain domestic and export customers

As part of a renewable multi-year program, Nexans has set up a short-term credit risk policy, which is gradually being rolled out to the Group's entities based on a portion of their sales. At end-2010 around 80% of the Group's countries were included in this program.

Coverage for the Group's cable-ship Skagerrak

The Group's cable-ship, Skagerrak, is covered by hull & machinery/loss of hire and protection & indemnity insurance.

Captive re-insurance company

Nexans has set up a captive reinsurance entity – Nexans Ré – which has been operational since January 1, 2008 and is aimed at optimizing and managing the Group's risk retention strategy, as well as preventing and controlling risks. It reinsures recurring risks, such as property and casualty and business interruption, as well as short-term credit risks and transport risks. It operates on a program-by-program basis, with maximum coverage amounts per loss and a 4 million euro cumulative cap per insurance year.

The risks described in this section are those that, at the date of this report, the Group believes could have a material adverse effect on its operations, earnings, financial position and outlook if they occurred. Nexans may be exposed to other risks that were unidentified at the date of this report, or which do not currently seem to be significant.

7. Corporate officers and senior managers

See also point 1 (Composition of the Board of Directors) in the corporate governance section of the 2010 Report of the Chairman of the Board of Directors.

7.1 Directorships and other positions held by members of the Board of Directors

In accordance with Article L.225-102-1 of the French Commercial Code, the following table lists, at December 31, 2010, the directorships and other positions held by the members of Nexans' Board of Directors in all companies during 2010. It also sets out directorships and other positions previously held but which have expired within the last five years.

	Directorships and other positions held during fiscal 2010 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
Frédéric Vincent Chairman and CEO	- Chairman of the board of Directors of Nexans Morocco	- Director of Electro-Banque, International Cable Company*, Essex Nexans Europe, Nexans Hellas*, Liban Câbles Holding SAL*, Liban Câbles SAL*, Nexans Energy USA Inc.*, Nexans Magnet Wire Redevelopment Corporation*, Nexans Canada* - Chairman of the Board of Nexans USA Inc.* - Chief Executive Officer of Nexans Participations - Chief Operating Officer of Nexans
Gianpaolo Caccini Director	- President of Assovetro, the Italian Association of Glass Manufacturers - Chairman of Saint-Gobain Corporation*	- Director of Saint-Gobain, Nybron Flooring International* and JM Huber Corporation* - Chief Operating Officer of Saint-Gobain Group
Jean-Marie Chevalier Director	- Professor of Economics at the University of Paris Dauphine - Senior Associate at Cambridge Energy Research Associates (IHS-CERA)	(N/A)
Georges Chodron de Courcel Director	- Chief Operating Officer of BNP Paribas - Member of the Executive Committee of BNP Paribas - Chairman of Financière BNP Paribas SAS, Compagnie d'Investissement de Paris SAS and BNP Paribas (Switzerland) SA* - Vice-Chairman of Fortis Bank SA/NV* - Director of Bouygues SA, Alstom, F.F.P. (Société Foncière Financière et de Participations), Verner Investissements SAS, Erbé SA*, GBL (Groupe Bruxelles Lambert)*, Scor Holding (Switzerland) AG*, Scor Global Life Rückversicherung Schweiz AG* and Scor Switzerland AG* - Member of the Supervisory Board of Lagardère SA - Non-voting director of Exane, Scor SE and Safran	- Chairman of BNP Paribas Emergis SAS and BNP Paribas UK (Holdings) Ltd* - Director of BNL* (Banca Nazionale del Lavoro), BNP Paribas ZAO* - Non-voting director of Scor Vie (renamed Scor Global Life)

* Positions held at foreign companies or in foreign institutions.

	Directorships and other positions held during fiscal 2010 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
Jérôme Gallot Director	- Chairman of CDC Entreprises - Member of the Management Committee of Caisse des Dépôts - Director of ICADE, Caixa Seguros* and Plastic Omnium - Member of the Supervisory Board of Schneider Electric SA - Member of the Executive Committee of Fonds Stratégique d'Investissement (FSI) - Non-voting director of NRJ Group	- Director of Schneider Electric SA, Crédit Foncier de France, Galaxy Fund, Galaxy Management Services, Informatique CDC SA and CNP Assurances - Member of the Supervisory Board of NRJ Group, CNP Assurances and Compagnie Nationale du Rhône (CNR) - Chairman of Sicav Austral - Director of Caisse des Dépôts et Consignations - Non-voting director of Oseo
Jacques Garaïalde Director	- Managing Director of Kohlberg Kravis Roberts & Co. Ltd* - Chairman of the Board of Directors of PagesJaunes Group - Chairman and Chief Executive Officer of Médiannuaire Holding - Director of Legrand, Tarkett SA and Visma AS* - Member of the Executive Committee of Société d'Investissement Familiale	- Director of Legrand France and Lumina Participation
Véronique Guillot-Pelpel⁽¹⁾ Director	- Judge (juge consulaire) at the Paris Commercial Court	(None)
Gérard Hauser Director	- Director of Alstom, Ipsen and Technip - Chairman of the Supervisory Board of Stromboli Investissement SAS	- Chairman and CEO of Nexans - Director of Faurecia and Aplix
Colette Lewiner Director	- Vice-President, Global Leader Energy, Utilities & Chemicals of Cap Gemini - Director of Lafarge, Bouygues, La Poste and TGS-NOPEC Geophysical Company ASA* - Non-executive Chairman of TDF - Member of the Académie des Technologies - Member of the European Commission's Advisory Group on Energy	- Director of Ocean Rig ASA*
Guillermo Luksic Director	- Chairman of the Board of Directors of Quiñenco*, Madeco*, CCU* and Viña San Pedro Tarapacá* - Director of Banco de Chile*, SM Chile S.A.*, LQ Inversiones Financieras S.A.*, Antofagasta plc*, Antofagasta Minerals*, Embotelladoras Chilenas Unidas* and Compañía Pisquera de Chile S.A.* - Advisor to and member of the management bodies of the Ena Craig foundation* and the Centro de Estudios Públicos* (non-profit organizations) - Trustee of the University of Finis Terrae*	- Chairman of the Board of Directors of CNT Telefónica del Sur*
François Polge de Combret Director	- Senior Advisor at Crédit Agricole CIB - Director of Bouygues Telecom - Member of the Supervisory Board of Safran	- Director of Renault, Fonds Partenaires Gestion and Sagem (merged into Safran)

* Positions held at foreign companies or in foreign institutions.

(1) Director elected on May 25, 2010.

	Directorships and other positions held during fiscal 2010 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
Ervin Rosenberg Director	- Advisor to the Chairman of the Management Board of Compagnie Financière Edmond de Rothschild Banque - Member of the Supervisory Board of Edmond de Rothschild Investment Managers Solutions and Edmond de Rothschild Entreprises Patrimoniales - Chairman and Chief Executive Officer of Financière Savoisienne	- Director of Thomson SA, Carbone Lorraine and Mobility Saint Honoré - Member of the Supervisory Board of Compagnie Financière Edmond de Rothschild Banque and Ifrah Finance - Non-voting director of Compagnie Financière Edmond de Rothschild Banque
Nicolas de Tavernost Director	- Chairman of the Management Board of the M6 Group - Member of the Supervisory Board of Ediradio SA (RTL) - Director of Antena 3*, GL Events SA, Club des Girondins de Bordeaux, Extension TV SA, TF6 Gestion SA and Société Nouvelle de Distribution SA	- Director of Business Interactif and Hotel Saint-Dominique (in a personal capacity) - President of the Association of Commercial Television in Europe (ACT)*

* Positions held at foreign companies or in foreign institutions.

7.2 Transactions in Nexans securities by corporate officers and senior managers

In accordance with Article 223-26 of the General Regulations of the AMF (the French financial markets authority), the transactions in Nexans securities carried out during fiscal 2010 by corporate officers and senior managers, as designated by Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) are listed in the following table.

	Date of transaction	Type of transaction	Financial instrument	Price (in euros)	Total gross amount (in euros)
Frédéric Vincent Chairman and CEO	04/23/2010	Purchase	Shares	58.9811	88,471.65
Véronique Guillot-Pelpel Member of the Board of Directors	06/17/2010 12/02/2010	Purchase Purchase	Employee mutual fund units Employee mutual fund units	52.62 51.3559	83,881.86 12,563.20
Gérard Hauser Member of the Board of Director	04/23/2010 11/10/2010 11/22/2010	Subscription Sale Sale	Stock options Shares Shares	27.82 53.6 54.25	556,400 53,648 54,259
Frédéric Michelland Member of the Management Committee and the Executive Committee	08/05/2010 08/12/2010 08/25/2010 06/21/2010	Subscription Purchase Purchase Purchase	Employee mutual fund units * Shares Shares Employee mutual fund units **	40.51 50.00 44.7258 54.95	15,000 5,000 4,472.58 17,153.68
Jean-Claude Nicolas Member of the Executive Committee	08/05/2010	Subscription	Employee mutual fund units	40.51	8,000
Patrick Noonan Member of the Executive Committee	08/05/2010	Subscription	Employee mutual fund units *	40.51	20,000
Pascal Portevin Member of the Management Committee and the Executive Committee	06/21/2010 08/05/2010	Purchase Subscription	Employee mutual fund units ** Employee mutual fund units *	54.95 40.51	4,337 20,000
Yvon Raak Member of the Management Committee and the Executive Committee	06/21/2010 08/05/2010	Purchase Subscription	Employee mutual fund units ** Employee mutual fund units *	54.95 40.51	17,153.68 20,000
Jacques Villemur Member of the Executive Committee	03/10/2010 04/21/2010 06/21/2010 08/05/2010 11/24/2010	Sale Subscription Purchase Subscription Sale	Shares Stock options Employee mutual fund units ** Employee mutual fund units * Shares	56.81 27.82 54.95 40.51 52.60	136,344 111,280 17,153.68 14,000 157,800

* Transactions related to the employee share issue carried out in accordance with the Act 2010 employee shareholding plan.

** Transactions related to profit-sharing and employer contribution, invested in FCPE Actionnariat Nexans (employee mutual fund).

7.3 Directors' compensation

At December 31, 2010 the Company had 13 directors, all of whom were members of the Board of Directors.

The annual amount of directors' fees was set at 600,000 euros at the Annual Shareholders' Meeting held on May 26, 2009, effective from the fiscal year that commenced on January 1, 2009.

The methods for allocating the directors' fees approved by the Board of Directors include the calculation of a fixed portion and a variable portion, based on the directors' attendance at Board meetings and their membership of Committees.

The Board of Directors set the amount of directors' fees to be allocated between the individual directors as follows:

- a fixed portion of 20,000 euros for each director, including the Chairman;
- an additional 2,000 euros for each director, including the Chairman, for each Board meeting attended, capped at 14,000 euros per director;
- 3,000 euros for each member of the Accounts and Audit Committee, per meeting attended, capped at 12,000 euros per year (6,000 euros per meeting for the Committee Chairman, capped at 24,000 euros per year); and
- 3,000 euros for each member of the Appointments and Compensation Committee, per meeting attended, capped at 12,000 euros per year, (4,500 euros per meeting for the Committee Chairman, capped at 18,000 euros per year).

The total amount of directors' fees allocated for 2010 was 495,667 euros. The table below shows the allocation between the individual directors for 2010 and 2009 (in euros).

Board member	Directors' fees allocated in 2009 (for 2009)	Directors' fees allocated in 2010 (for 2010)
Frédéric Vincent (Chairman)	34,000	34,000
Gianpaolo Caccini	46,000	46,000
Jean-Marie Chevalier	34,000	34,000
Georges Chodron de Courcel	58,000	52,000
Jérôme Gallot	64,000	61,000
Jacques Garaïalde	34,000	41,000
Véronique Guillot-Pelpel*	N/A	21,667
Gérard Hauser	34,000	34,000
Colette Lewiner	34,000	34,000
Guillermo Luksic	24,000	24,000
François Polge de Combret	46,000	46,000
Ervin Rosenberg	34,000	34,000
Nicolas de Tavernost	34,000	34,000
Total	519,000**	495,667

* Director elected on May 25, 2010

** Including 41,000 euros paid to Jean-Louis Gerondeau, who was a director until end-2009.

Non-executive directors do not receive any compensation from the Company apart from directors' fees.

7.4 Compensation and benefits payable to the Chairman and CEO

Nexans has adopted the AFEP/MEDEF Corporate Governance Code applicable to listed companies in France. The Internal Regulations of the Board of Directors, which can be viewed in full on the Nexans website, include an Appendix setting out Nexans' policy on executive directors' compensation, whose principles are based on the recommendations in the AFEP/MEDEF Code.

The Appointments and Compensation Committee recommends to the Board of Directors the compensation payable to the Chairman and CEO, based on rules set by the Committee and ensuring that said rules are consistent with the Chairman and CEO's annual performance appraisal, the Company's medium-term strategy and market practices. When setting the overall structure of the Chairman and CEO's compensation, the Committee draws on reports by independent consultants on market practices for comparable companies.

The criteria used to calculate the variable portion of the Chairman and CEO's compensation is determined at the beginning of each year, for that year, by the Board of Directors, based on recommendations by the Appointments and Compensation Committee. The Board also decides on the amount of variable compensation to be allocated for the prior year based on the achievement of pre-determined criteria.

The variable portion of the Chairman and CEO's compensation is determined as follows:

- Partly by reference to quantitative objectives, based on the Group's operating and financial performance. These objectives are identical to those applied to Group senior managers for the purpose of determining the variable portion of their compensation.
- Partly on a qualitative basis, by reference to specific pre-determined objectives.

For 2010, the quantitative component of the variable portion of compensation payable to the Group's senior managers, including the Chairman and CEO, was based on three financial objectives weighted as follows: (1) operating margin: 50%, (2) working capital requirement: 40%; and (3) return on capital employed: 10%.

Summary

	2009	2010
Compensation due for the year	1,200,074	1,487,412
Valuation of stock options granted during the year	-	799,425 ⁽¹⁾
Valuation of performance shares granted during the year ⁽²⁾	-	-
Total	1,200,074	2,286,837

(1) Valuation carried out in 2010.

(2) As at December 31, 2010 Nexans had never set up a performance share plan.

Breakdown of compensation and benefits paid to the Chairman and CEO

	2009 ⁽¹⁾		2010	
	Amounts due for 2009	Amounts paid in 2009	Amounts due for 2010	Amounts paid in 2010
Fixed compensation	€677,085	€677,083	€750,000	€750,000
Variable compensation	€482,917	€528,448	€697,340	€482,917
Extraordinary compensation	-	-	-	-
Directors' fees ⁽²⁾	€34,000	€34,000	€34,000	€34,000
Other benefits ⁽³⁾	€6,072	€6,072	€6,072	€6,072
Total	€1,200,074	€1,245,603	€1,487,412	€1,272,989

(1) Amounts payable to Frédéric Vincent in his capacity as Chief Operating Officer until end-May 2009 and subsequently as Chairman and CEO.

(2) See point 7.3 above (Directors' compensation).

(3) Company vehicle.

The variable compensation due to the Chairman and CEO for 2010 (which will be paid in 2011) may represent between 0% and 150% of his basic remuneration and the weighting of the quantitative objectives, determined in accordance with Group policy, represents 65%. On February 11, 2011 the Board decided that, for the purpose of calculating Frédéric Vincent's variable compensation, the achievement rate of Group quantitative objectives for 2010 was 89.2%. Consequently, following an assessment of the achievement of his specific and pre-determined qualitative objectives, the Board decided to pay Frédéric Vincent variable compensation totaling 697,340 for 2010.

In accordance with the Group's management incentive policy adopted in 2007, the stock options granted under Plan no. 8 were associated with a long-term incentive plan (LTIP) with a two-year term, which provides for a payment at the beginning of 2011 equal to no more than two thirds of the nominal bonus based on the achievement of quantitative objectives set for 2010. The stock option plan and associated LTIP had a total of 216 beneficiaries within the Group at end-December 2010, including the Chairman and CEO. On February 11, 2011 the Board decided that the Chairman and CEO would not receive any payment under this LTIP as the requisite achievement rate for the 2010 objectives had not been reached. Frédéric Vincent did not receive any payments either under the LTIP attached to Stock Option Plan no. 7.

Stock options granted to the Chairman and CEO in 2010

Plan date and number	Type of options	Value of options based on the method used in the consolidated financial statements	Number of options granted in 2010	Exercise price	Exercise period
Plan no. 9 of March 9, 2010	Options exercisable for newly-issued shares	€799,425	41,800	€53.97	2011-2014 (exercisable at a rate of 1/4 per year)

Stock options granted to the Chairman and CEO and other members of the Executive Committee may only be exercised subject to the achievement of performance conditions linked to Nexans' average comparative share performance and the Free Cash Flow generated by the Company. The Appointments and Compensation Committee decides on whether these performance conditions have been achieved at each option vesting date (with 1/4 of the options vesting each year).

The stock options granted under Plan no. 9 were associated with a long-term incentive plan (LTIP) with a two-year term, which provides for a payment to the Chairman and CEO at the beginning of 2012 equal to no more than two thirds of the nominal bonus based on the achievement of four objectives set for end-2011. One of these objectives is based on Nexans' share performance, two are linked to the Group's financial performance compared with its strategic plan, and the fourth is based on the achievement of the qualitative objectives set out in the strategic plan. No payment will be made if the achievement rate for these objectives is less than 70%.

See also point 7.5 below for a description of Stock Option Plan no. 9 and characteristics of stock options and performance shares granted to the Chairman and CEO

Stock options exercised by the Chairman and CEO in 2010

The Chairman and CEO did not exercise any options in 2010.

Commitments towards the Chairman and CEO

Appointment as Chairman and CEO: May 26, 2009

End of current term of office as director: Annual Shareholders' Meeting to be held in 2012 to approve the financial statements for the year ending December 31, 2011

Employment contract	Supplementary pension scheme	Indemnities or benefits related to termination or a change in duties	Non-compete indemnity
No	Yes	Yes	Yes

Employment contract

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, Frédéric Vincent's employment contract, which had been suspended since May 2006, was terminated when he was appointed Chairman and Chief Executive Officer of Nexans in May 2009.

Termination payments

As Chairman and CEO, Frédéric Vincent has received the following commitments from the Company. They were authorized by the Board at its April 3, 2009 meeting and ratified at the Annual Shareholders' Meeting held on May 26, 2009.

In accordance with the Internal Regulations of the Board of Directors, termination payments – i.e. termination and non-compete indemnities – may not exceed two years compensation (fixed plus variable).

Termination indemnity

If Frédéric Vincent is removed from his position as Chairman and CEO, he will be entitled to payment of a termination indemnity representing twelve months of his total fixed and variable compensation subject to two performance conditions, as follows:

- (1) An average achievement rate for quantitative objectives relating to the Group's financial performance set by the Board of Directors at the beginning of each year as part of the performance criteria on which the variable portion of Frédéric Vincent's compensation is based, as recorded for a given year by the Board of Directors at the beginning of the following year. The average rate corresponds to the arithmetic mean of the achievement rates recorded over the last three years preceding the year of departure.
- (2) A comparative average stock market performance rate. Nexans' stock market performances will be compared to those of the SBF 120 index and the average rate will correspond to the arithmetic mean of the stock market performance rates over three periods, corresponding to (a) each of the two calendar years preceding the year of departure and (b) the period between January 1 of the year when his entitlement to the indemnity is assessed and the date of the decision to terminate his position. The comparative stock market performance rate for a given period will be equal to the ratio between (a) in the numerator, the average price of the Nexans share over the period divided by the average price of the Nexans share over the previous period and (b) in the denominator, the average value of the SBF 120 index over the period divided by the average value of the same index over the previous period.

If for a given period, the rate thus calculated is lower than 70%, the stock market performance will be considered equal to zero for the period.

To determine the performance index, the rates as calculated in points (1) and (2) will be weighted at 65% and 35%, respectively.

The total amount of termination indemnity paid will be based on the level of performance achieved:

- If the performance index is higher than or equal to 100%, the termination indemnity is paid in full.
- If the performance index ranges between 30% and 100%, the termination indemnity is paid in the same percentage (for example, if the performance index is equal to 70%, the termination indemnity paid is equal to 70% of its maximum amount).
- No termination indemnity is payable if the performance index is below 30%.

The termination indemnity will be payable only in the event of a forced departure resulting from a change of strategy or control, which will be deemed to be the case unless specifically decided otherwise in accordance with the Board of Directors' Internal Regulations and before the Board of Directors' official recording of the achievement of the above-mentioned performance conditions.

Non-compete indemnity

As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with one of the Company's businesses for a period of two years from the end of his term of office as Chairman and CEO, Frédéric Vincent will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be equal to one year of his fixed and variable compensation, i.e., 12 times his most recent monthly base salary plus the corresponding percentage of his bonus, paid in 24 equal and successive installments.

Supplemental retirement plan

Frédéric Vincent is a member of the supplemental retirement plan set up by the Group for certain employees and corporate officers. The regulations for this defined benefit plan were adopted by the Board of Directors in 2004 (and amended on October 1, and November 25, 2008), and make the plan's benefits conditional upon the beneficiary ending his professional career while employed at the Company. The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years. This pension supplements the mandatory and supplementary basic pension schemes and is limited to 30% of the beneficiary's fixed and variable compensation. At its meeting on November 25, 2008, the Board of Directors amended the plan regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the Company. The supplemental retirement plan complies with the recommendations of the AFEP-MEDEF Corporate Governance Code as regards the number of beneficiaries, length of service, and limiting the percentage of the beneficiary's fixed and variable compensation as well as the reference period used for calculating plan benefits.

The total amount of the obligations assumed by the Group for pensions and similar benefits to which Frédéric Vincent is entitled amounted to 4,008,183 euros at December 31, 2010.

Welfare scheme

Frédéric Vincent benefits from the welfare scheme (death, disability and medical expenses) set up for Nexans employees.

7.5 Stock options and performance shares

The Group's long-term compensation policy

Up to and including 2010, the long-term compensation policy set up by the Group consisted of annual grants of stock options. In order to involve a greater number of key executives in the Group's success and increase the conditionality attached to the variable portion of their compensation, since 2007 stock option grants have been associated with a long-term incentive plan ("LTIP"), available to a greater number of managers. This combination of cash payments (subject to performance conditions) and stock options and the introduction of annual stock option grants made it possible to reduce the number of options granted each year and therefore, to reduce the dilution of capital.

On February 11, 2011 the Board of Directors decided to change the Group's long-term compensation policy and to submit a proposal at the Annual Shareholders' Meeting to authorize the Board to grant performance shares to the Group's key senior managers (including members of the Executive Committee), as well as a restricted number of shares free of consideration to certain high-potential managers.

The Board has already set the following principles for the Group performance share policy if its proposal is approved by shareholders:

- The categories of beneficiaries will be similar to those for the stock option grants carried out by the Group in the past (i.e. around 250 employees in some thirty countries).
- The grants in 2011 will include approximately 156,000 performance shares and less than 14,000 restricted (free) shares without performance conditions, representing a dilutive impact of around 0.60% based on the Company's share capital at December 31, 2010.
- Performance shares granted to the Chairman and CEO, other members of the Executive Committee and key senior managers will only vest if the beneficiary still forms part of the Group on the vesting date and will be subject to two pre-determined performance conditions that will be assessed over a period of at least three years. One of the conditions will be based on financial performance (sales margin) compared with a representative panel, and the other will be assessed by reference to Nexans' share performance, again compared with a representative panel.

Detailed information on any performance share plans that may be set up will be provided prior to the Annual Shareholders' Meeting.

Any shares granted to the Chairman and CEO in accordance with this new policy will comply with the recommendations of the AFEP-MEDEF Corporate Governance Code, and particularly with the description set out below.

Description of grants of performance shares and/or stock options to the Chairman and CEO

Since the Company adopted the AFEP-MEDEF Corporate Governance Code, any grants of performance shares and/or stock options to the Chairman and CEO must comply with the recommendations set out in said Code⁽¹⁾:

Timing	Annual grants, except where decided otherwise by the Board (and appropriately justified), and in exceptional circumstances.
No discount	No discounts are applied on grants of stock options.
Performance conditions	Performance shares and/or stock options granted to Executive Committee members will only vest/be exercisable if the Appointments and Compensation Committee decides that the performance conditions set by the Board at the grant date have been met. Under the terms of the Company's two most recent stock option plans (8 and 9), the stock options granted to members of the Executive Committee may only be exercised subject to the achievement, during the vesting period, of performance conditions linked to Nexans' average comparative share performance and the Free Cash Flow generated by the Company.
Custody Obligation	The Chairman and CEO is required to keep a portion of any shares he receives on the exercise of stock options and must keep a significant and increasing number of any shares acquired on the exercise of stock options or the vesting of performance shares. Under the terms of Plans 7, 8 and 9, executive corporate officers are required to hold one quarter of the shares resulting from the exercise of stock options until the end of their term of office.
Prohibition of hedging instruments	Stock options and performance shares granted to members of the Executive Committee (including the Chairman and CEO) as well as shares resulting from the exercise of stock options may not be hedged.
Recommended "black out" periods	Group procedure on insider trading.

(1) As at December 31, 2010 Nexans had never set up any performance share plans.

Stock option plan no. 9 of March 9, 2010

On March 9, 2010, the Board of Directors set up a new stock option plan (Plan no. 9) with an eight-year term, granting a total of 335,490 options to 240 beneficiaries. The exercise price of the options was set at €53.97 and the plan had a dilutive impact of 1.2%. As from the grant date, one quarter of the options vest per year for all beneficiaries, subject to the performance conditions applicable to members of the Executive Committee (including the Chairman and CEO).

Stock options granted in 2010 to the ten employees who received the most options (excluding corporate officers)

	Number of options granted	Exercise price
Plan no. 9 – March 9, 2010	87,000	€53.97

Shares purchased in 2010 following the exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Exercise price
Plan no. 3 – November 16, 2004	38,000	€27.82
Plan no. 4 – November 23, 2005	30,750	€40.13
Plan no. 8 – November 25, 2008	350	€43.46

Summary of stock option plans

	Plan no. 1		Plan no. 2		Plan no. 3	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	04/02/01	04/02/01	04/02/01	06/25/02	06/05/03	06/05/03	05/15/06	05/15/06	05/10/07	04/10/08	05/26/09
Grant date	11/16/01	01/18/02	03/13/02	04/04/03	11/16/04	11/23/05	11/23/06	02/15/07	02/22/08	11/25/08	03/09/10
Number of options granted	531,500	5,000	8,000	644,500	403,000	344,000	343,000	29,000	306,650	312,450	335,490
To corporate officers	55,000	-	-	50,000	125,000	-	120,000	-	65,000	45,000	41,800
To the ten employees who received the most options	181,000	5,000	8,000	204,000	209,000	91,000	166,000	29,000	77,500	75,200	87,000
Total number of beneficiaries	85	2	2	83	18	96	29	5	180	216	240
Start date of exercise period	11/16/02	01/18/03	03/13/03	04/04/04	11/16/05	11/23/06	11/23/07	02/15/09	02/22/09	11/25/09	03/09/11
Expiration date	11/15/09	01/17/10	03/12/10	04/03/11	11/15/12	11/22/13	11/22/14	02/14/15	02/21/16	11/24/16	03/08/18
Subscription price	€17.45	€16.70	€19.94	€11.62	€27.82	€40.13	€76.09	€100.94	€71.23	€43.46	€53.97
Exercise terms	One quarter each year	One quarter each year	One quarter each year	One quarter each year	One quarter each year	One quarter each year	One quarter each year	50% from Feb. 15, 2009 and 25% each year thereafter	One quarter each year	One quarter each year	One quarter each year
Number of shares subscribed at Dec. 31, 2010	510,250	2,000	8,000	590,050	209,750	127,984	-	-	-	2,912	-
Number of options cancelled	21,250	3,000	-	27,250	-	19,625	3,000	10,000	10,100	11,975	2,700
Options outstanding at Dec. 31, 2010	-	-	-	27,200	193,250	196,391	340,000	19,000	296,550	297,563	332,790

8. Information concerning the Company and its capital

8.1 Share capital

Share capital at December 31, 2010

At December 31, 2010, the Company's share capital was 28,604,391 euros, divided into 28,604,391 shares with a par value of one (1) euro each. This amount includes the impact of 108,996 stock options exercised between January 1 and December 31, 2010 and the issuance of 482,467 new shares under the August 5, 2010 employee share issue.

Taking into account double voting rights attached to registered shares held by the same owner for at least two years, the number of voting rights at December 31, 2010 totaled 29,062,583.

Changes in Nexans' share capital over the last five years

Date	Transaction	Number of shares issued/cancelled	Par value of transaction	Total amount of share capital (in euros) and number of shares
February 1, 2006	Capital increase following the exercise of stock options	120,100	€120,100	23,507,322
March 29, 2006	Reduction of share capital through cancellation of treasury shares	2,221,199	€2,221,199	21,286,123
May 12, 2006	Employee share issue	65,797	€65,797	21,351,920
June 26, 2006	Capital increase following the exercise of stock options and conversion of OCEANE bonds	312,825 3,534,160	€3,846,985	25,198,905
January 30, 2007	Capital increase following the exercise of stock options	66,050	€66,050	25,264,955
July 24, 2007	Capital increase following the exercise of stock options	360,975	€360,975	25,625,930
January 30, 2008	Capital increase following the exercise of stock options	52,425	€52,425	25,678,355
March 28, 2008	Employee share issue	91,525	€91,525	25,769,880
June 23, 2008	Reduction of share capital through cancellation of treasury shares	420,777	€420,777	25,349,103
June 23, 2008	Capital increase following the exercise of stock options	51,600	€51,600	25,400,703
September 30, 2008	Capital increase as consideration for transferred assets	2,500,000	€2,500,000	27,900,703
February 11, 2009	Capital increase following the exercise of stock options	36,250	€36,250	27,936,953
June 12, 2009	Capital increase following the exercise of stock options	33,850	€33,850	27,970,803
February 9, 2010	Capital increase following the exercise of stock options	42,125	€42,125	28,012,928
July 27, 2010	Capital increase following the exercise of stock options	89,067	€89,067	28,101,995
August 5, 2010	Employee share issue	482,467	€482,467	28,584,462
January 14, 2011	Capital increase following the exercise of stock options	19,929	€19,929	28,604,391

This table does not include new shares issued since January 1, 2011 following the exercise of stock options as the Board of Directors had not made the required amendments to the Company's bylaws at the publication date of this report.

Potential share capital at December 31, 2010

The following securities carry rights to Nexans shares:

(1) The bonds convertible for new shares and/or exchangeable for existing shares (OCEANE bonds) issued on July 7, 2006. This public issue involved 3,794,037 OCEANE bonds, each with a face value of 73.80 euros, and represented a total value of approximately 280 million euros (the “**1.5% 2013 OCEANE bonds**”). The prospectus for this issue was approved by the AMF on June 29, 2006 under number 06-242. The term of the bonds was set at six years and 178 days. Unless the Company exercises its early redemption option, the bonds will be redeemed in full on January 1, 2013 at a price of 85.7556 euros per bond, representing 116% of their total face value. The bonds bear interest at 1.50% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 3.75% (if they are not converted and/or exchanged for shares, and if they are not redeemed in advance). The option to convert or exchange the bonds can be exercised by the OCEANE bondholders from July 7, 2006 until the seventh business day preceding the scheduled or early redemption date.

On June 3, 2009, the conversion ratio of the 1.5% 2013 OCEANE bonds was adjusted in accordance with the provisions of the prospectus reviewed by the AMF. As from that date, if bondholders opt to convert these bonds they will receive 1.02 Nexans shares instead of 1.0 Nexans shares, for each bond converted.

At December 31, 2010, all of the 1.50% 2013 OCEANE bonds were still outstanding.

(2) The bonds convertible for new shares and/or exchangeable for existing shares (OCEANE bonds) issued on June 23, 2009. This public issue involved 4 million OCEANE bonds, each with a face value of 53.15 euros, and represented a total value of approximately 212 million euros (the “**4% 2016 OCEANE bonds**”). The prospectus for the issue was approved by the AMF on June 15, 2009 under number 09-187. The term of the bonds was set at six years and 192 days. Unless the Company exercises its early redemption option, the bonds will be redeemed in full on January 1, 2016 at face value, at a price of 53.15 euros per bond. The bonds bear interest at 4% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 4% (if they are not converted and/or exchanged for shares, and if they are not redeemed in advance). The option to convert or exchange the bonds can be exercised by the OCEANE bondholders from January 1, 2015 until the seventh business day preceding the scheduled or early redemption date, at the rate of one share per bond (subject to any adjustments required by law). At December 31, 2010, all of the 4% 2016 OCEANE bonds were still outstanding.

(3) 1,702,744 outstanding employee stock options, representing 5.95% of the Company's capital and exercisable for one Nexans share each.

Except for the above-mentioned OCEANE bonds and stock options, at December 31, 2010 there were no securities that are convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

At end-2010, the Company's potential share capital – corresponding to its existing capital plus any shares issued on the exercise of rights to Nexans shares – represented approximately 133% of the Company's capital at December 31, 2010 based on (i) the 28,604,391 shares making up Nexans' capital, (ii) 3,794,037 1.5% 2013 OCEANE bonds (iii) 4,000,000 4% 2016 OCEANE bonds (taking into account the above-mentioned conversion ratio for these bonds) and (iv) 1,702,744 shares to be issued on the exercise of stock options.

See also section 7.5 of this Management Report (Stock options and performance shares).

8.2 Breakdown of share capital and voting rights

On the basis of the information received in accordance with Article L.233-7 of the French Commercial Code, the shareholders holding more than 5% of the Company's share capital or voting rights at December 31, 2010 were:

- Madeco SA (Chile),
- Caisse des Dépôts et Consignations (CDC) via Fonds Stratégique d'Investissement (FSI),
- Axa (France),
- Dodge & Cox (United States).

The following threshold disclosures were filed with the AMF in 2010:

Date threshold crossed	Date of disclosure	Declarant company or intermediary	Number of shares and voting rights held	% capital	% voting rights	Disclosure event
06/07/2010	06/11/2010	Deutsche Bank AG	1,498,304	5.33%	5.25%	Upward crossing of share ownership and voting rights threshold
06/10/2010	06/16/2010	Deutsche Bank AG	1,377,656	4.90%	4.83%	Downward crossing of share ownership and voting rights threshold
06/30/2010	07/06/2010	Deutsche Bank AG	1,454,909	5.18%	5.09%	Upward crossing of share ownership and voting rights threshold
07/29/2010	08/04/2010	Deutsche Bank AG	1,423,383	5.07%	4.98%	Downward crossing of voting rights threshold
08/02/2010	08/10/2010	Deutsche Bank AG	1,399,580	4.90%	4.82%	Downward crossing of share ownership threshold
04/19/2010	11/04/2010	AXA	1,437,724	5.12%	5.05%	Upward crossing of share ownership and voting rights threshold
09/07/2010	11/02/2010	Manning & Napier Advisors, Inc. ⁽¹⁾	1,434,622	5.02%	4.94%	Upward crossing of share ownership threshold
10/11/2010	11/02/2010	Manning & Napier Advisors, Inc. ⁽¹⁾	1,198,145	4.19%	4.12%	Downward crossing of share ownership threshold ⁽²⁾
11/24/2010	12/01/2010	Dodge & Cox	1,490,102	5.21%	5.13%	Upward crossing of share ownership and voting rights threshold

(1) Manning & Napier Advisors, Inc. (US), acting on behalf of funds and clients.

(2) The AMF document received by Nexans from Manning & Napier on November 2, 2010 stated that at October 11, 2010 Manning & Napier held 1,366,483 Nexans shares representing 4.7% of the Company's capital and 4.1% of the voting rights. By way of a letter dated November 2, 2010 (updated on November 23, 2010), Manning & Napier disclosed to the AMF that on November 18, 2010 it held 1,045,624 Nexans shares with the same number of voting rights, representing 3.66% of the Company's capital and 3.60% of the voting rights.

* To the knowledge of the company and even though any downward threshold statements have been received, the company blackrock inc. (united states), acting on behalf of funds and clients, holds less than 5% of the company at 2010 year-end.

8.3 Share buybacks

The Annual Shareholders' Meeting on May 25, 2010 authorized the Company to trade in its own shares subject to terms and conditions set by shareholders at the Meeting. At December 31, 2010, no share buyback program had been initiated by the Board of Directors and therefore the Company held none of its own shares on this date.

8.4 Employee share ownership plan

On August 5, 2010 Nexans carried out an employee share issue involving 482,467 new shares. This issue, which formed part of the "Act 2010" share ownership plan, proposed a "leveraged" structure, whereby employees are able to purchase units in an employee mutual fund at a preferential discounted price and at the same time are provided with a capital guarantee plus a multiple based on share performance. In countries where the leveraged plan using an employee mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR).

Out of the total number of shares issued under the "Act 2010" plan, 385,030 were subscribed by Group employees through an employee mutual fund and the remaining 97,437 shares were subscribed by Société Générale as part of the alternative formula structure offered to employees.

The purchase price for the Nexans shares concerned was 40.51 euros per share (corresponding to a 20% discount on the average price of the Nexans share quoted during the 20 trading days preceding the issue), representing a total capital increase of close to 19.5 million euros including the premium.

Following the "Act 2010" employee share issue, at December 31, 2010 the proportion of the Company's share capital owned by employees was 3.1%, of which 97.8% was held through employee mutual funds.

8.5 Information with a potential impact in the event of a public offer

In addition to the commitments to Frédéric Vincent as Chairman and CEO described in section 7.4 above, certain salaried members of Nexans' Executive Committee are entitled, in the event of termination of their employment contract (for any reason other than gross negligence or misconduct), to an indemnity representing one or two years of their total gross compensation.

Furthermore, the following three commitments contain provisions relating to a change in control of Nexans:

- The syndicated loan agreement in the amount of 580 million euros; this agreement contains a clause for accelerated repayment in certain circumstances, including in the event of a change in control of Nexans.

- The prospectus for the issuance of the "2017 Notes" (2007–2017 5.75% bonds, issued on May 2, 2007 and quoted on the Luxembourg Stock Exchange). Under the terms of the prospectus, bondholders have a put option in the event of a change in control of Nexans leading to a rating downgrade.
- The prospectus for the issuance of the 4% 2016 OCEANE bonds (see section 8.1 here above) provides bondholders with an early redemption option in the event of a change in control of Nexans.

9. CSR- Environmental and human resources data

9.1 Organization of Nexans' commitment to CSR

A CSR⁽¹⁾ Committee was established in July 2009 to track the Company's various sustainable development initiatives and policies. It is chaired by Frédéric Vincent, Group Chairman and CEO, and includes two Management Committee members representing the Industrial and Logistics Departments, Technical/Research and Development, Environment, Purchasing, and Marketing departments, the Corporate Secretary, the heads of Human Resources and Communications, and the Head of the Risk Management Department, who acts as Secretary. The CSR Committee meets twice a year.

Two specialized committees, made up of various **working groups**, have the task of steering and coordinating themes and projects in the following fields:

- **Governance & Social Affairs Committee**
 - Ethics and business conduct
 - Crisis management
 - Responsible purchasing
 - Workplace safety
 - Skills development and training
 - Social dialogue
 - Corporate sponsorship projects
 - Community relations
 - Human resources indicators
- **Environment & Products Committee**
 - On-site environmental management
 - Greenhouse gas emission assessment
 - Soil testing
 - REACH (Registration, Evaluation and Authorization of Chemicals)
 - New product innovation and development
 - Eco-production
 - Life-cycle assessment and eco-declarations
 - Sustainable products and solutions
 - Environmental indicators

The specialized committees also meet twice a year.

(1) Corporate Social Responsibility.

9.2 Ethics and business conduct

Nexans revamped its Code of Ethics and Business Conduct in 2009 and updated it in 2010.

This Code is intended to help individuals to act on behalf of the Group in their everyday work in a manner that is beyond reproach. It forms part of the Corporate Social Responsibility program, the reinforcement of which led Nexans' Board of Directors to adhere to the United Nations Global Compact on November 25, 2008.

The Group continued to roll out its ethics awareness program in 2010, with a particular focus on fostering awareness among sales and purchasing teams in order to ensure that the Code's principles are applied in all dealings with customers and suppliers.

The Code has been translated into 16 languages and may be consulted on Nexans' website or on the Group or country intranets. It is given to each new employee when they join the Group.

9.3 CSR and human resources data

Methodology:

The Group's human resources teams track and analyze human resources data which is then consolidated by the Group Human Resources Department.

The data provided in this section is based on the following:

- Quantitative human resources data, which the various Human Resources departments in each country compile on a quarterly basis using an internal system which was enhanced in 2010. These indicators – certain of which relate to performance – can be accessed by all of the Group's HR managers through a business intelligence system.
- Qualitative data, which is reported monthly. A summary by topic (excluding any personal information) is passed on to all HR managers through a Group HR collaborative workplace.
- Discussions with country-level HR teams during site visits.
- Analysis of an annual qualitative report on the Group's various HR processes.

The scope of consolidation used for compiling human resources data is the same as that applied for Nexans' consolidated financial statements⁽¹⁾.

A Group-wide timeline is used for monitoring and analyzing human resources data. Similarly, the indicators used are based on standard Group definitions.

In 2010, Group HR worked in conjunction with the Finance Department on harmonizing definitions and allocating the various HR reporting domains between the two departments.

The Statutory Auditors review the process used to consolidate HR data, even though the information is not of a financial nature.

The main difficulty of the overall process is the differences that exist in the level of detail provided in the collected data. For example, North America has only recently started to report detailed information by site with a view to enabling the Area's performance to be more closely monitored.

HR strategy:

Nexans' HR strategy forms part of the Group's overarching corporate strategy and is underpinned by two main objectives:

- Acting as a support for furthering the efficiency and effectiveness of the Group's organizational structure (e.g., through job families framework, business processes and performance indicators).
- Improving the effectiveness of the HR function.

The following initiatives have been adopted for the purpose of achieving the two above-described objectives:

- Taking steps to professionalize HR teams by rolling out an HR competency model (which was drafted in 2010) and developing specific HR systems and processes.
- Designing competency models for all of the Group's functions.
- Promoting excellence by rolling out these competency models and skills development programs.
- Bolstering the Nexans University training programs.
- Setting up succession plans for all of the Group's key positions.
- Drawing up an overall compensation policy.
- Putting in place a job grading system.

This overall policy, which is applied taking into account local legal requirements, has the three-fold aim of (i) helping employees to develop their careers in line with the needs of their respective businesses, (ii) building the employability of the Group's people, and (iii) promoting workplace health and safety.

(1) Does not take into account Nexans Singapore

9.3.1 Headcount

• **Headcount by geographic area (number of people holding a contract with a consolidated Group entity in the year indicated)**

	Europe	Asia-Pacific	North America	South America	MERA	Group total
2008	14,575	2,459	1,803	2,535	2,108	23,480
2009	14,277	2,437	1,662	2,203	2,137	22,716
2010	14,618	2,153	2,038	2,403	2,436	23,648

(MERA: Middle East, Russia and Africa)

Employee figures for the harness business in Tunisia, which were included in "Europe" in 2009 (representing 204 people) were reclassified to "MERA" in 2010.

In 2010, total headcount increased by 4.1%, primarily due to the strong recovery in the harness business in Slovakia, Romania and Mexico. The number of employees working in the Group's cables business contracted by some 2%, essentially as a result of the sale of LIOA in Vietnam.

The Group operates across the globe and the weighting of headcount by geographic area has remained relatively stable.

EUROPE

The number of employees based in Europe rose by 3.9% in 2010, representing approximately 62% of total Group headcount versus around 63% in 2009. This increase occurred chiefly due to the market upturn in the harness business, which saw its headcount increase by 20% (mainly in the Slovakian and Romanian sites).

Excluding the harness business, headcount in Europe contracted by 2.2% reflecting the impact of restructuring plans carried out in France and Belgium which was not offset by increases in employee numbers in Sweden, Greece and Norway.

ASIA-PACIFIC

Nexans' employees in the Asia-Pacific Area accounted for 9.1% of the Group's total headcount in 2010, down from 10.7% in 2009, with the decrease stemming from the sale of LIOA in Vietnam. Headcount in the other units within this geographic area were on a par with 2009 except in China which reported a 10% increase.

NORTH AMERICA

Staff in North America represented 8.6% of the Group's total headcount in 2010, up 22.6% on the 2009 figure as a result of the upturn in the harness business which is located in Mexico. The headcount of cables business sites was stable year-on-year.

SOUTH AMERICA

The South America Area employed 10.2% of the Group's total headcount in 2010. The number of employees in this geographic area rose by 9.1% during the year due to an increase in workload and production capacity at the Rio de Janeiro and Americana facilities in Brazil. The other countries in the Area also reported a year-on-year increase in employee numbers, up 4.7% compared with 2009.

MERA

The number of employees in the MERA Area was 4% higher than in 2009 (after the reclassification of Tunisia's headcount) and accounted for 10.3% of the Group total.

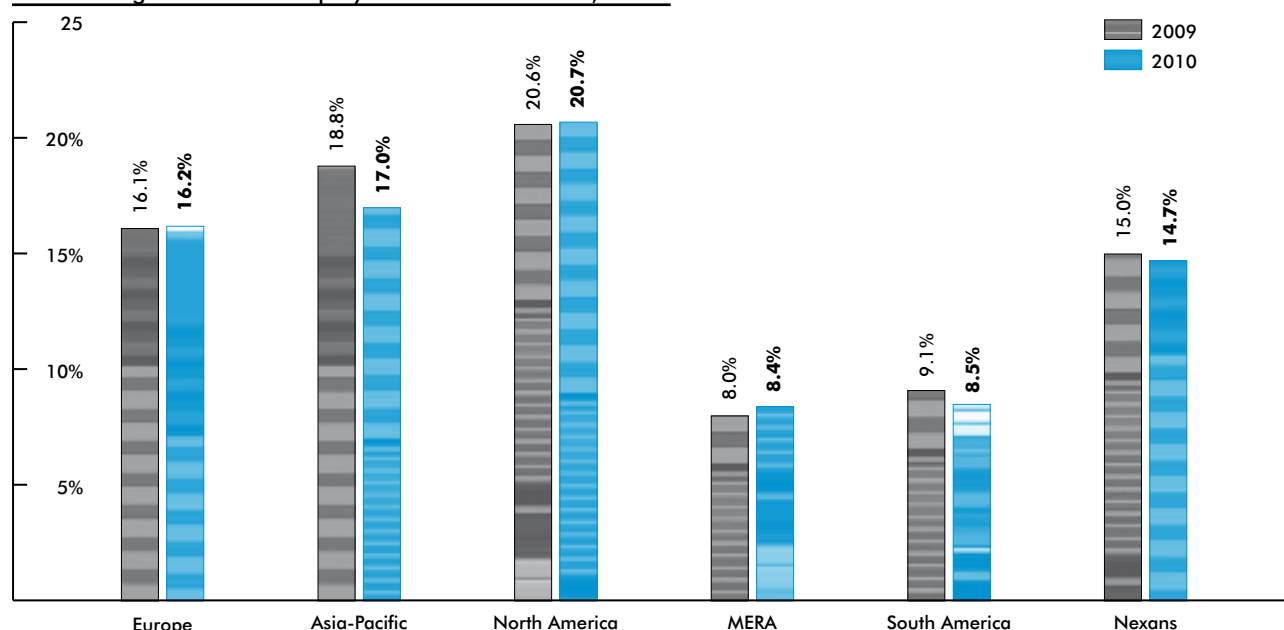
Overall increases were reported by:

- The Ouglich plant in Russia (created in 2008), which reached its target headcount.
- The Mohammedia plant in Morocco, which now produces aeronautical cables at its new manufacturing facility as part of its partnership with Airbus.
- The Ksar Hellal plant used by the harness business in Tunisia.

Conversely, the following three MERA countries reported a decrease in employee numbers: Morocco (due to the sale of the batteries business), Egypt (following a restructuring plan) and Turkey (as a result of team reorganization measures).

The analysis of indicators provided below does not include the harness business which has different management features and headcount trends than the Group's other activities. Indicators for the harness business are set out in section 9.3.12 below.

• **Percentage of female employees at December 31, 2010**



Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

The proportion of female employees within total Group headcount decreased slightly to 14.7% in 2010 due to the sale of the Vietnam-based company LIOA, where women made up around one third of the workforce. The countries that employ the highest proportion of female workers are China (34.5%), Vietnam (27.6%), the United States (27.3%) and France (22.1%). Almost half of the Group's female employees are based in France, Germany and China with 29% of Nexans' total female headcount working in France. 18.3% of management positions are now occupied by women, with proportions of over 25% recorded in Colombia, China, Vietnam, Turkey, Sweden and Russia. A number of countries place particular importance on gender equality in the workforce, such as in France (involvement in a national think-tank on equal employment opportunities).

• **Promotion of equality and diversity**

The promotion of equality and diversity reflects the policy of non-discrimination applied to all people in all of Nexans' entities, regardless of country of origin or culture, and enshrined in the Group's Code of Ethics and Business Conduct. An e-learning program has been set up covering the Code's content, with the local HR departments partnering the program's rollout in the various business units.

Nexans' recruitment policies are solely based on candidates' skills and their ability to perform the job concerned and do not involve any form of discriminatory practices whatsoever. For example, in France where Nexans participates in the national think-tank on equal employment opportunities and in Sweden where an equality plan has been drawn up. Likewise, in Australia the Group's businesses comply with the guidelines issued by the Equal Employment Opportunity Commission (EEOC).

• **Personnel changes by geographic area**

	Europe	Asia- Pacific	North America	South America	MERA	Group total
Natural departures	(733)	(359)	(113)	(251)	(120)	(1,576)
Restructuring	(366)	(3)	0	(60)	(39)	(468)
Recruitment	872	366	119	508	139	2,004
Changes in scope	0	(292)	0	0	(71)	(363)
Transfers	(9)	6	0	1	2	0
Total	(236)	(282)	6	198	(89)	(403)

Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

"Natural departures" include resignations, retirements, individual voluntary departures and terminations, death and the expiration of fixed-term contracts.

The «Restructuring» line concerns persons leaving the Group as part of a redundancy plan (both fixed-term and permanent positions).

"Recruitment" corresponds to persons recruited outside the Nexans Group on fixed-term or permanent contracts as well as persons employed by the Group who previously held temporary contracts.

"Changes in scope" includes persons joining or leaving the Group due to the acquisition or disposal of a business or company (fixed-term and permanent positions).

"Transfers" includes persons who have changed employer within the Group (fixed-term and permanent positions).

In 2010 the number of persons recruited outstripped the number of natural departures. 11% of total natural departures were due to retirement and most of the natural departures occurred in Europe, the Asia-Pacific Area and South America.

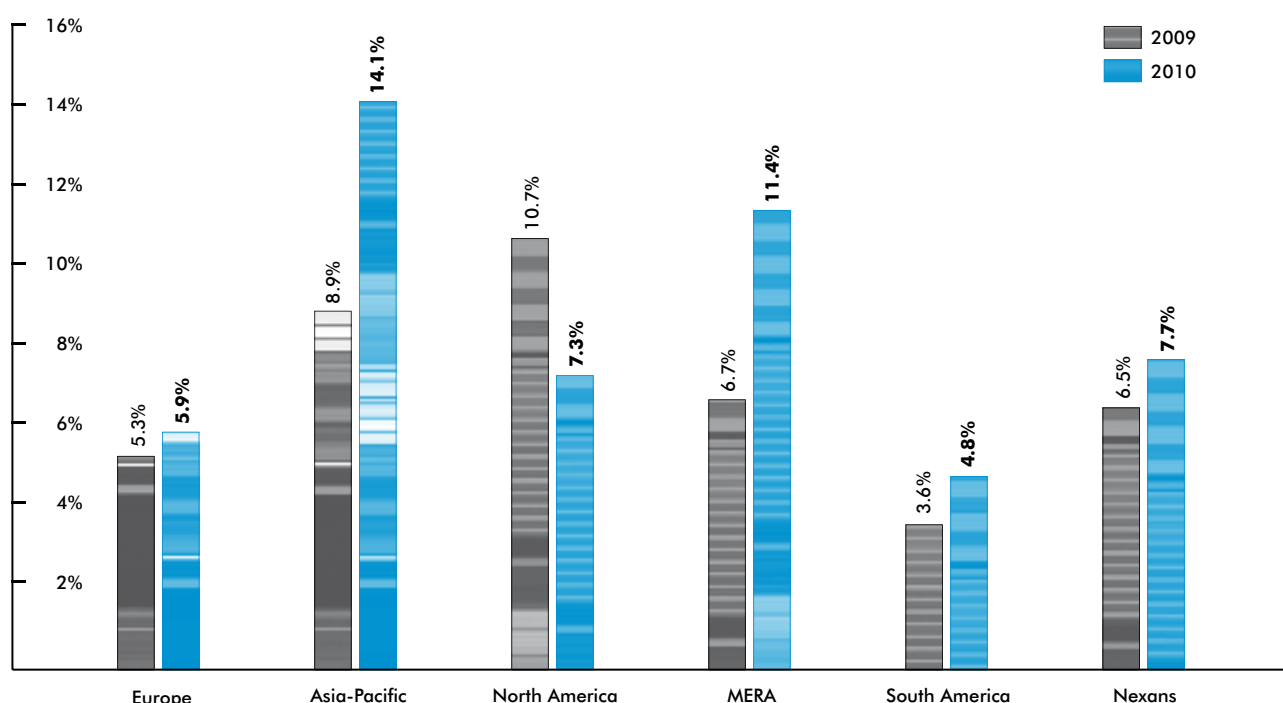
Departures due to restructuring (mainly in Europe) were primarily attributable to the site closures at Vacha in Germany and Chauny in France, as well as the redundancy plans implemented in France, Belgium (at the Euromold Division of Nexans Network Solutions), Australia and Egypt. The restructuring plans announced in 2010 for Australia, Italy and Brazil will lead to employee departures in 2011.

The Group's manufacturing facilities recruited additional employees in 2010 in order to deal with the increase in workload. Around half of these recruitments were on fixed-term contracts with the percentage of employees hired under such contracts totaling 63% in Europe (half of which were in Norway and Germany) and 61% in the Asia-Pacific Area (mainly in China which accounted for 46% of the total). The use of fixed-term contracts provides the Group with the flexibility required to respond to changes in business levels.

Movements in personnel due to "Changes in scope" in 2010 reflected the sale of the Batteries business in Morocco and LIOA in Vietnam.

Companies leaving the scope of consolidation and restructuring plans were also the main underlying reason for the overall net negative figure reported in the above table.

• Personnel turnover rate



Figures do not include the harness business

(MERA: Middle East, Russia and Africa)

Personnel turnover rate = number of departures (resignations, contract expirations, individual terminations, death) excluding departures due to retirement, restructurings, business disposals and employee mobility transfers/average headcount x 100.

Group-wide, the personnel turnover rate in 2010 was 7.7%, which was higher than in 2009. The only area to report a decrease during the year was North America.

The wide disparity between the figures reported by the various geographic areas reflects the different job markets and organizational structures concerned. For example, in Europe a large proportion of the departures was due to the expiration of fixed-term contracts (e.g., in Norway). In the Asia-Pacific Area, meanwhile, the departures were voluntary and mainly took place in China and Australia.

Consequently the strategies applied differ from one country to another and take into account local job markets, such as in China where talent retention is a key focus.

• Identifying candidates for mobility and recruitment

The Group offers its employees opportunities for global mobility. A mobility charter ensures equal treatment among all Group expatriates, whatever their country of origin. Furthermore, studies into social security and tax charges are systematically performed to optimize the cost of global mobility for both the Group and its employees.

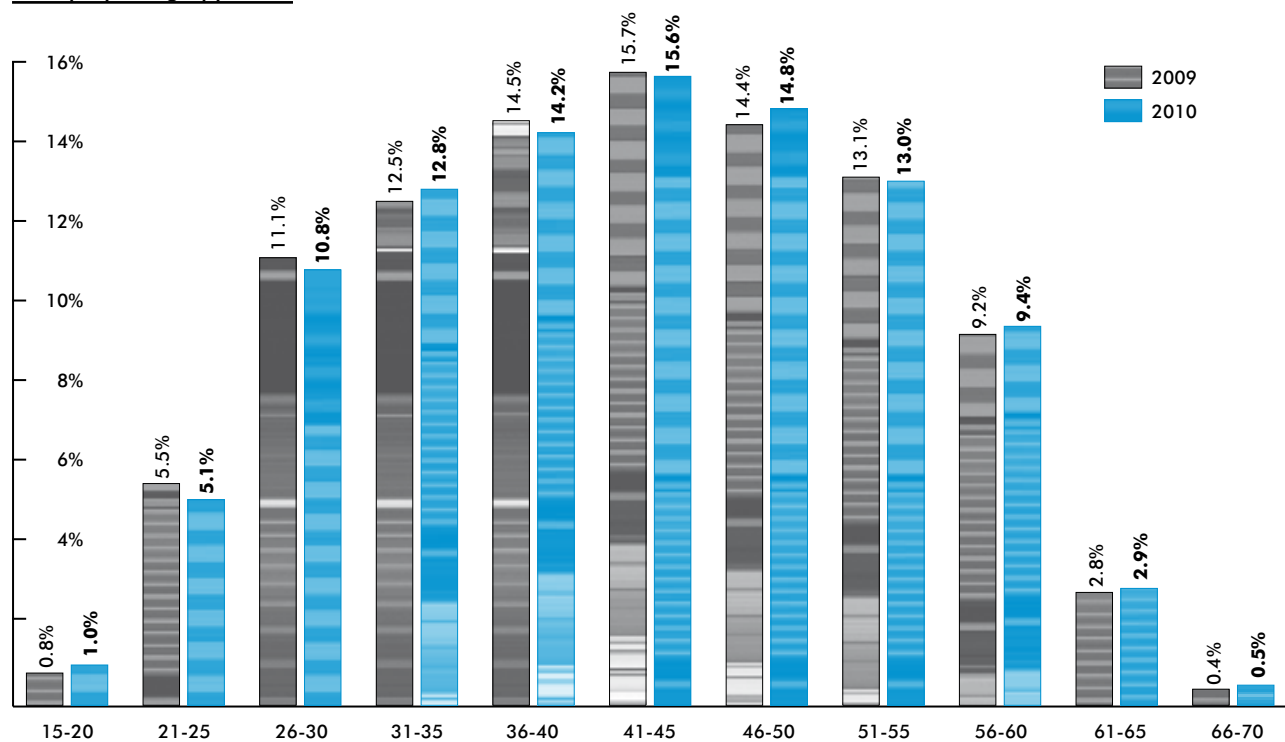
Nexans continues to support and promote global mobility as a way of transferring expertise, enhancing employees' personal and professional development, encouraging growth, and relaying the Group's corporate culture throughout the world.

Global mobility is an important means of retaining key talent and is being offered to an increasing number of employees from all countries.

New systems and tools were set up in 2009 to enable each and every employee to find out about the Group's job vacancies and to apply online for a different post or a job in another country. One example of these new tools is "Job Way", an online system through which job offers can be posted both within and outside the Group and whose use has allowed Nexans' employees interested in mobility to make more informed decisions about the available assignments. The Group Human Resources Department ensures that each individual case remains confidential until the candidate officially makes an application.

Nexans also has a Talent Sharing Committee that meets on a monthly basis to discuss positions available within the Group and candidates interested in international mobility.

• Employee age pyramid



Figures do not include the harness business

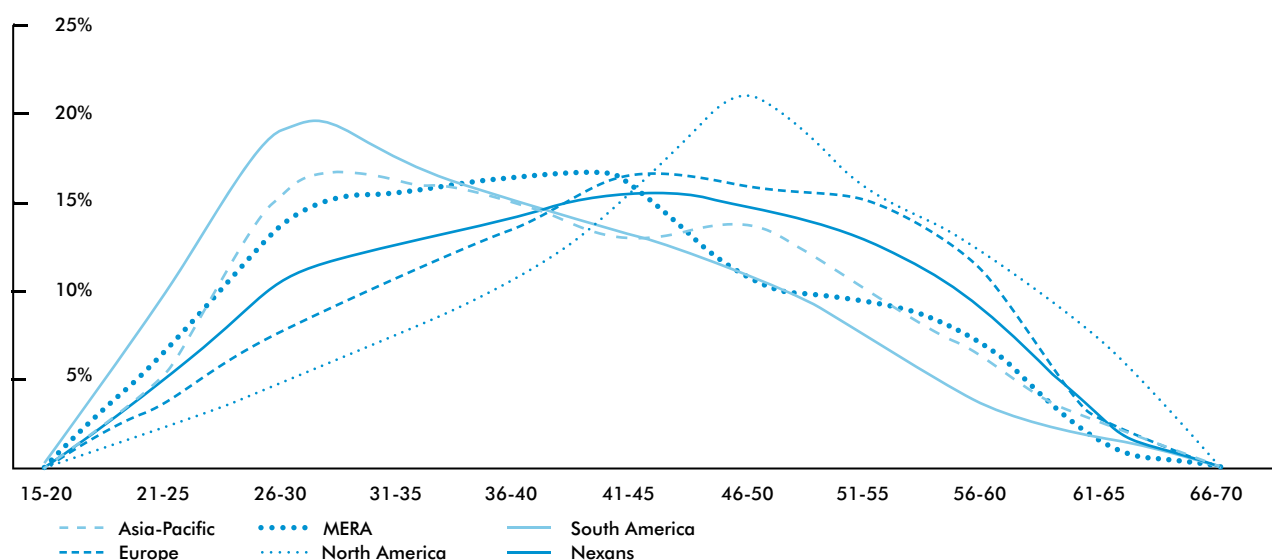
• Average age of employees by geographic area

	2009	2010
Europe	43.6	43.6
Asia-Pacific	39.1	40.5
North America	46.7	46.9
MERA	39.9	40.0
South America	37.9	37.7
Nexans	42.1	42.3

Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

The average age of Nexans' employees rose slightly in 2010 to 42.3 years from 42.1 years in 2009. The year-on-year increase was contained – particularly in Europe – as a result of the measures taken by the Group to manage generational changes as well as the restructuring plans implemented in 2010. The area with the highest increase in the average age of employees was Asia-Pacific, where the sale of LIOA in Vietnam contributed to the rise as that company's employees were younger than the Area's overall average.

• Age pyramid by geographic area

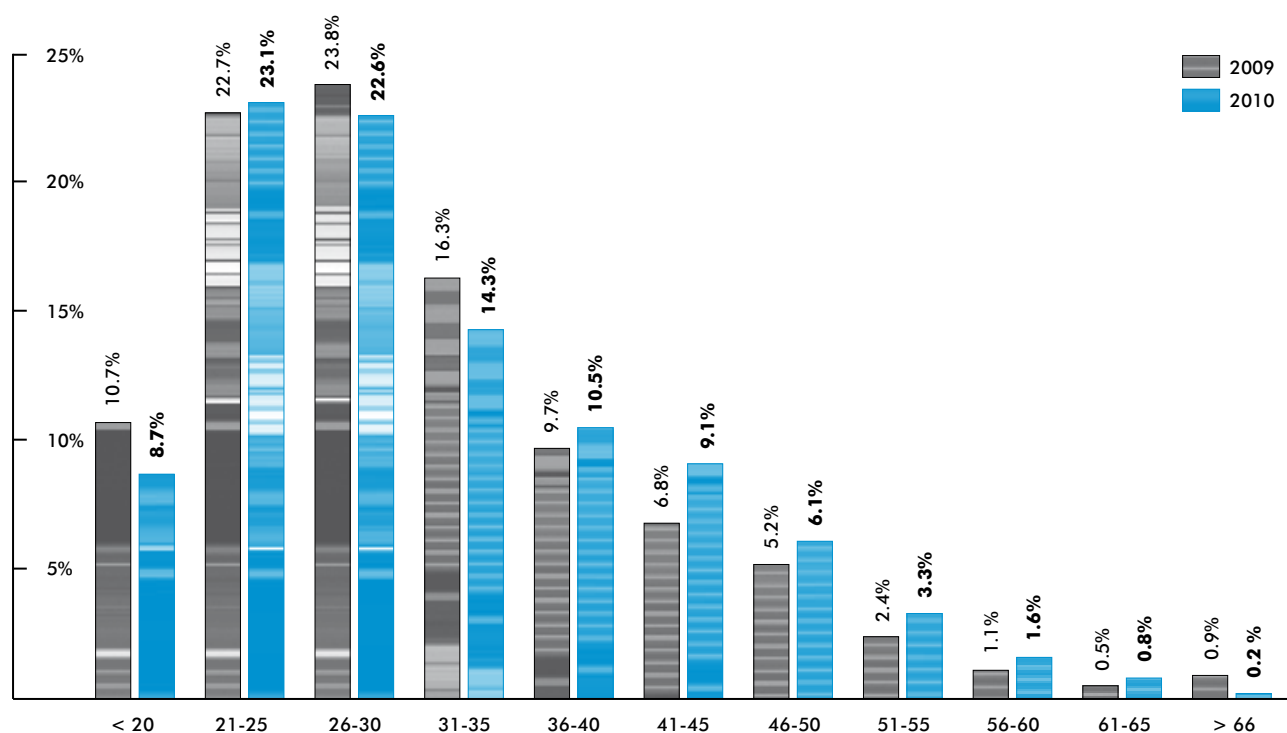


Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

The Group age pyramid highlights the contrast between the different geographic areas. The European and North American workforce is ageing due mainly to lower personnel turnover rates in certain categories as a result of the more difficult economic environment.

In light of the differing market contexts across Nexans' host countries, the Group factors in local considerations in order to draw up appropriate strategies for talent retention and targeted recruitment of young employees and/or developing the careers of existing employees with a view to promoting them to new positions as part of succession planning.

• Age pyramid for new hires



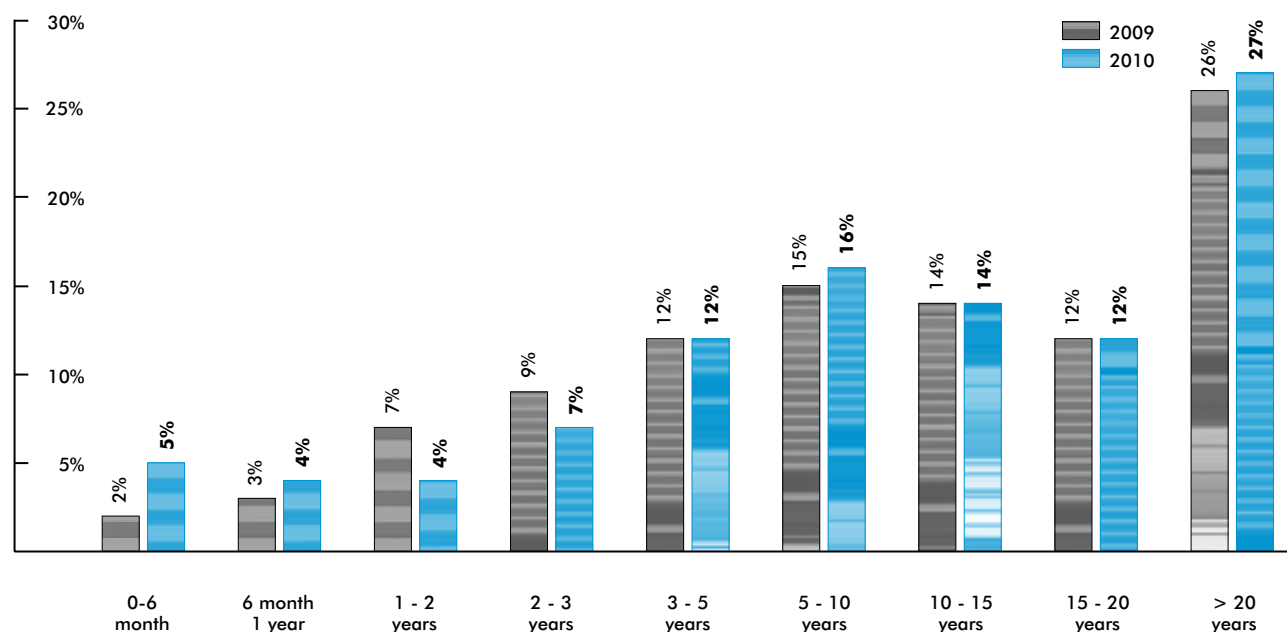
Figures do not include the harness business

Recruitment initiatives undertaken by the Group take into account the need to manage generational changes within the workforce. In certain areas such as North America this has become a strategic priority.

At 32, the average age of new entrants in 2010 was relatively stable compared with 2009, and 54.4% of them were under 30 years of age.

The majority of these recruitments were for non-managerial positions (87% of the total), with just over half of the new hires (52%) employed under permanent contracts although the picture was mixed across the Group's geographic areas. For example, a significant percentage of new recruits are employed under permanent contracts in the MERA Area, North America and South America.

• Length of service

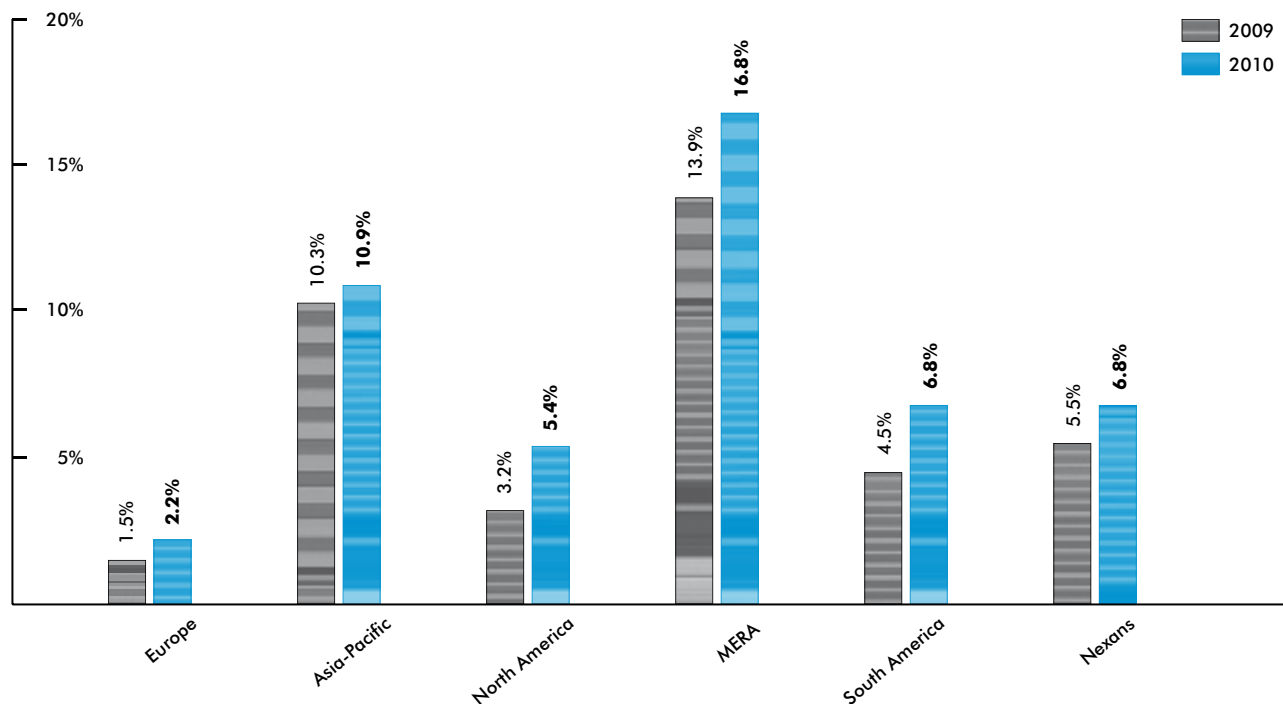


Figures do not include the harness business

In 2010, as for the previous three years, average length of service was approximately 13 years. It is especially high in North America and Europe (17.2 years in France, for example). Average length of service was relatively stable in all of the Group's geographic areas except for Asia-Pacific where it increased. This reflects a strong sense of belonging and the outcome of programs to foster loyalty among personnel.

This stability helps to retain know-how within the Group.

• Overtime



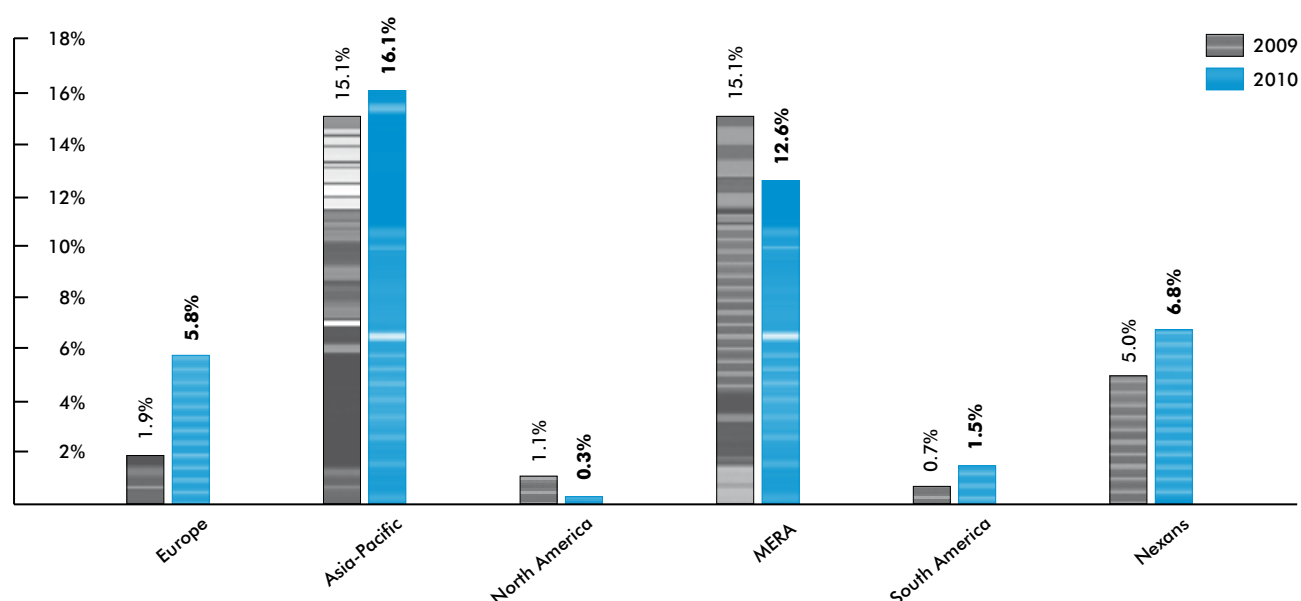
Figures do not include the harness business

(MERA: Middle East, Russia and Africa)

% overtime = number of overtime hours/number of actual hours of work. The definition of overtime hours is that determined by the legislation of each country, within the framework of the legal number of working hours.

Overtime is used to adapt workforce requirements to production cycles. In 2010, as in 2009, the use of overtime helped the Group's plants to adapt to the flexibility required as a result of the difficult economic climate. Overtime represented 6.8% of total hours worked in 2010 (excluding the harness business), against 5.5% in 2009. A total of 65% of these overtime hours were worked in the MERA and Asia-Pacific Areas. The year-on-year increase in overtime hours reflects measures adopted by the Group to respond to an upturn in business at certain sites during the second half of 2010.

• Percentage of temporary employees



Figures do not include the harness business

(MERA: Middle East, Russia and Africa)

Number of full-time equivalents for the last quarter holding a contract with a temporary work agency/total Nexans headcount at the year-end.

At end-2010, temporary personnel represented 6.8% of total headcount against 5% in 2009.

In Europe, the Group took on a higher number of temporary staff than in 2009 in order to meet one-off increases in workload. The proportion of temporary staff in Asia and the MERA Area was once again high in 2010, located in particular in China and Morocco.

The picture varies widely between the geographic areas due to differences in local recruitment policies (in China, for example).

The Group's use of temporary staff and overtime formed part of a prudent employment strategy adopted during the year in view of the unsettled economic backdrop, and enabled it to flexibly respond to changes in workload.

9.3.2 Restructuring

Within the context of its restructuring plans, the Group is particularly attentive to the quality of dialogue with employee representative bodies. Nexans puts measures in place to limit lay-offs as far as possible and to encourage redeployment in accordance with legislation in the countries concerned.

Nexans invests significant resources in helping all employees affected by a restructuring plan to find alternative solutions either inside or outside the Group and sponsors accompanying measures in concertation with employee representative bodies.

The restructuring plans launched in 2009 involving the loss of 1,800 jobs resulted in 942 departures in 2009 and 468 in 2010 with the remainder scheduled to occur in 2011. Most of these job losses related to the closure of plants in France, Romania, Germany and Canada, as well as to reductions in headcount in Europe, Egypt, Australia and North and South America.

During 2010, the Group also continued to implement the plans it announced in late 2009 to streamline operations at Nexans France and Nexans Copper France (with the closure of the Chauny plant) and to reduce headcount at Nexans Network Solutions' Euromold Division in Belgium. These measures accounted for 242 departures out of the total 468 that were due to restructuring plans in 2010.

In 2010, Nexans also announced the closure of its sites at Latina in Italy and Lorena in Brazil which will involve around 450 people. 45 employees in Brazil left the Group during the year as a result of the site closure (included in the overall figure of 468 departures due to restructuring plans).

9.3.3 Working time

The work of personnel within the Group is organized within the framework of legal and contractual working hours and varies from one country to another. Working hours that are less than the contractual number of working hours at a facility are considered to be part-time.

The number of part-time job positions is as follows:

• Working hours by geographic area/part-time work

Number of part-time staff (employees whose contractual working time is less than the statutory number of working hours)

	2009	2010
Europe	388	387
Asia-Pacific	19	18
North America	0	1
MERA	0	0
South America	2	2
Nexans	409	408

Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

Part-time working arrangements mainly concern Benelux, France, Germany, Switzerland, Norway, Sweden and Australia and represent around 2.2% of total Group headcount (on a par with 2009), excluding the harness business.

40% of part-time staff in Europe are based in Belgium, where a time credit scheme allows employees to either take a complete career break or partially reduce their working time.

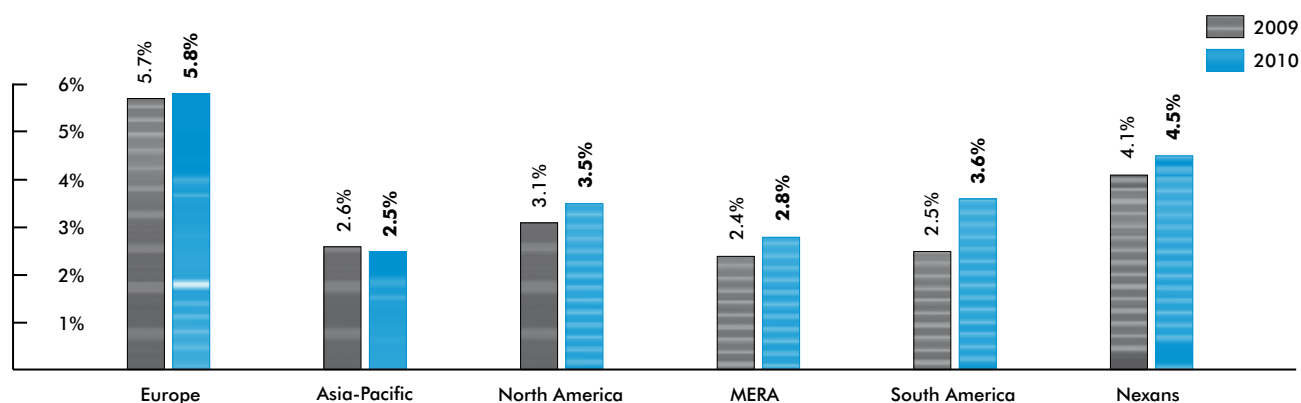
• Fixed-term contracts (FTC)/Permanent contracts (PC)

	2009		2010	
	PC	FTC	PC	FTC
Europe	98%	2%	96%	4%
Asia-Pacific	75%	25%	73%	27%
North America	100%	0%	100%	0%
MERA	97%	3%	98%	2%
South America	93%	7%	95%	5%
Nexans	94%	6%	94%	6%

Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

The overall percentage of employees on fixed-term contracts remained stable year on year at 6%. The Europe and Asia-Pacific Areas reported a rise in 2010 however, reflecting additional flexibility required in Germany and Greece to meet higher workloads. Fixed-term contracts are most commonly used in the Asia-Pacific Area, especially China, due to local legislation.

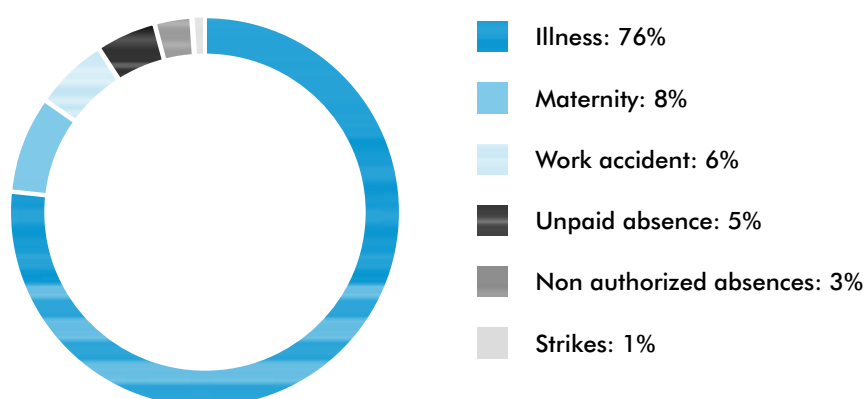
• Absenteeism



Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

The rate of absenteeism is defined as the number of hours of absence, divided by the theoretical number of hours worked. In 2010, the absenteeism rate edged up from 4.1% to 4.5%. Asia-Pacific was the only Area to report a decrease in absenteeism during the year.

The breakdown of reasons for absence is provided below.



Figures do not include the harness business

Absence due to illness, which is the main cause of absenteeism within Nexans, rose in 2010.

Absence due to work accidents fell once again during the year to 6%, versus 7% in 2009, thanks to workplace safety initiatives.

Absence due to strikes primarily related to industrial action concerning pension reforms in France, a restructuring plan in Belgium and austerity measures in Greece.

9.3.4 Compensation

The Group's compensation policy is aimed at further strengthening the commitment of its employees, helping build their skill sets and encouraging their individual and team performance.

Designed and rolled out on a global scale and based on objectives of competitiveness, fairness and transparency, this policy is fine-tuned at a local level by Nexans' various entities in line with their specific cultural, organizational and operational requirements.

When putting together compensation packages for its senior managers and key employees in its main host countries, Nexans draws extensively on the use of salary surveys in order to ensure that the packages are in line with market practices. Apart from certain measures that were taken to freeze salaries, the overall policy in 2010 was to first and foremost stay in line with market trends. Efforts were also made to ensure that on a local basis the effects of inflation were offset. Multi-year collective bargaining agreements on salaries were signed in several countries, including Australia and New Zealand.

Individual salary rises were granted based on the relevant budgets and job markets and taking into account assessments of employees' actual and potential performance as well as the skills they have acquired and demonstrated.

Short-term variable compensation (for managerial and specialist staff) is based on target amounts which may represent up to 50% of the employee's basic annual salary (depending on his or her level of responsibility). The amount of variable compensation actually paid is calculated by reference to the achievement of both individual and Group objectives.

Since 2007 the Group's long-term compensation policy for its senior managers has been structured around stock option grants and associated long-term incentive plans (LTIP). The aim of this approach is to build senior managers' loyalty and to encourage them to contribute to the Group's long-term performance.

Employee share ownership plan:

Nexans is committed to encouraging employee share ownership with a view to strengthening the relationship of trust that exists between the Group and its people. In line with this aim, in 2010 the Group:

- Set up a stock option plan on March 9, 2010 for 240 key employees throughout the world in order to reward their contribution to the Group's performance and to involve them more closely in its financial results.
- Launched the Act 2010 plan in the first half of the year and carried out an employee share issue in August, following on from a number of previous employee share ownership plans set up by the Group. Covering 25 of the Group's host countries, the Act 2010 plan led to the issuance of more than 400,000 new shares based on a unique formula that offers employees both a capital guarantee on their personal contribution as well as a multiple of Nexans' potential share performance.

The take-up rate for this fourth employee share issue carried out by the Group was around 20%, which significantly increased Nexans' employee share ownership. Following the Act 2010 employee share issue, at December 31, 2010 the proportion of the Company's share capital owned by employees was 3.1%, of which 97.8% was held through employee mutual funds.

9.3.5 Labor relations

• Open and constructive social dialogue

Labor relations in the Group are based on respect and dialogue. In this spirit, employee representatives and company management meet regularly to exchange views, negotiate, and adopt agreements.

Nexans enjoys high quality labor relations thanks to a shared willingness to communicate, discuss and negotiate.

Exchanges with employee representative bodies at local level are frequent and constructive. Discussions generally focus on salaries, employability, the economic situation, work organization, health and safety, and changes in the working environment.

A particular focus is placed on improving working conditions and work-life quality, as well as raising awareness about safety issues and healthcare matters – such as alcohol and tobacco addiction – and psychosocial risks, including stress.

Local management has regular, fruitful meetings with employee representative bodies and most of the Group's sites have labor representatives.

In addition, measures are implemented to more closely involve employees in their business unit's performance, notably through regular meetings on financial performance, development projects and market trends.

Another contributor to achieving the Group's aim of open and constructive dialogue is Nexans' European Works Council which represents the Group's employees at European level and is presided by the Chairman and CEO. This body, which was created in 2003, meets twice a year. Its most recent meeting – which took place in November 2010 – was devoted to discussing the Group's performance, development strategy and human resources policy.

Nexans has signed more than 60 agreements with employee representative bodies in 13 countries. The main agreements signed in 2010 were as follows:

- Pay agreements in South Korea, Chile, Greece, Spain, Norway and Brazil.
- An agreement relating to Job and Career Planning Management (GPEC), an addendum concerning career management for seniors, and the renewal of the discretionary profit-sharing agreement in France.
- A revised version of the multi-year firm-wide agreement in New Zealand and Australia.
- A site closure agreement in Italy.
- Unemployment benefit measures in Italy.
- Short-time working arrangements in the Benelux countries.
- Various agreements on working conditions, such as in Norway.

Numerous consultation meetings also took place during the year on a range of topics, including:

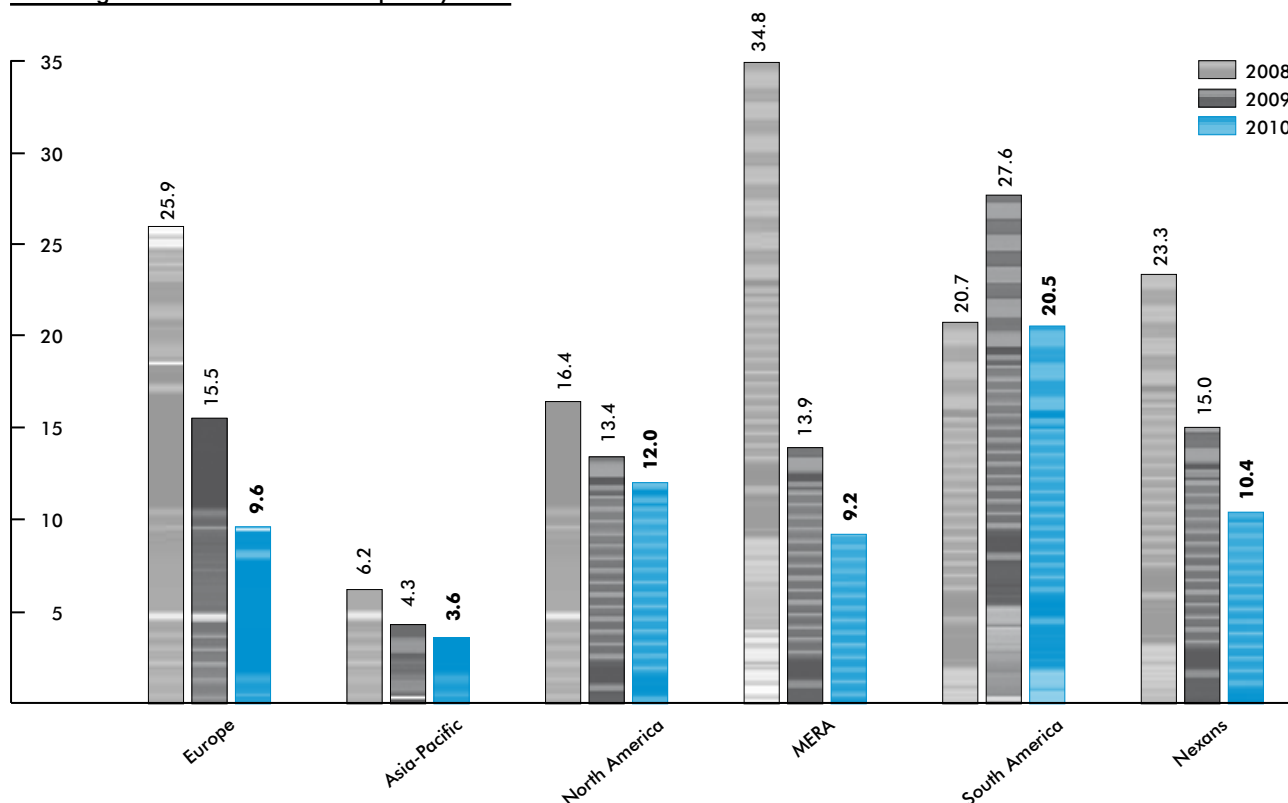
- In France, retraining people affected by restructuring plans, as well as gender diversity issues.
- Performance development projects, including "Nexans Excellence Way" and competency models.
- Salary freezes, which were discussed in depth in certain countries.

9.3.6 Health and safety

Nexans' occupational health and safety policy is organized around two main objectives: safeguarding health and improving the safety of employees in the workplace.

Training and initiatives undertaken in the area of work safety resulted in a sharp drop in the work accident frequency rate in 2010 (for accidents involving leave exceeding 24 hours).

• 2010 global work accident frequency rate



Figures do not include the harness business
(MERA: Middle East, Russia and Africa)

Global Work accident frequency rate = Total number of work accidents involving leave in excess of 24 hours/Total number of hours worked x 1,000,000.

Safety at work continues to be an absolute priority for the Group and is used as the main performance indicator for all plant managers.

Training programs have been deployed in all countries in order to continue to change behaviors with regard to risk.

The Group carries out the following preventive actions:

- pre-empting dangerous situations;
- improving workplace safety signs and displays;
- developing and disseminating a systematic analysis of the causes of accidents;
- acquiring safety reflexes and changing mindsets.

Measures taken in 2010 with the aim of a continued reduction of the number of accidents included:

- training health and safety representatives;
- organizing on-site health and safety days;
- providing video training;
- monitoring and analyzing "near-miss accidents";
- carrying out health and safety audits;
- displaying on site the number of accident-free days;
- information meetings;
- putting in place physical exercise activities.

In 2010, Nexans appointed a number of Environmental and Health and Safety Officers.

In addition, at certain sites, awareness-raising campaigns were organized by the sites' insurance companies.

As shown in the above graph, these initiatives have led to a significant decrease in the global frequency rate Group-wide, from 15 in 2009 to 10.4 in 2010.

In 2010, 35 sites did not record any work accidents involving sick leave in excess of 24 hours, compared with 36 sites in 2009. Tragically, however, there were two fatal accidents in 2010, in Vietnam and Argentina.

9.3.7 Training

Nexans University

In 2010, Nexans continued its training efforts through Nexans University, whose role is first and foremost to develop employee potential, disseminate best practices, and promote knowledge management through training or training-related activities.

In its third full year of existence, Nexans University offered a catalogue of 50 training courses (more than 100 sessions a year) and some 20 e-learning modules. Nexans University has enrolled over 5,000 employees and provides more than 30,000 hours of training a year. The training offering is gradually being enriched to offer employees the skills they require in a local context and to closely factor in the Group's strategic objectives including the rollout of competency models and development plans, a customer-centric approach, continuous improvement, operating excellence, and cross-business teamwork projects.

Nexans University has 12 academies covering all of the main functional or technical divisions as well as managerial and coaching skills. By focusing on "training the trainers" and deploying training using a cascade model, Nexans University has tutored 330 employees across the globe (in 10 languages) in the skills of facilitating and designing course. This approach also helps develop cross-business networks of experts throughout the Group.

The underlying concept of Nexans University is based on technical knowledge sharing networks that optimize the process of transferring know-how.

During 2010, Nexans University was particularly involved in providing technical training for staff at the new plant in Qatar.

Training programs

In 2010, the total number of hours devoted to training (in the workplace or outside the company) was 443,000, up 34% compared with 2009. As in 2009, the focus was on training employees in line with identified needs and enabling them to adapt to a global environment and a changing organization.

The year-on-year increase in the number of training hours is attributable to the development of the industrial excellence program and the strengthening of programs relating to safety and security.

The training courses carried out were devised in accordance with needs expressed during the annual interview process, developments identified within the scope of the strategic plans, and the related industrial and commercial programs.

Training is a key growth vector and the Group intends to continue its investment in this area in order to keep up with market developments, notably through the rollout of competency models and the resulting development plans.

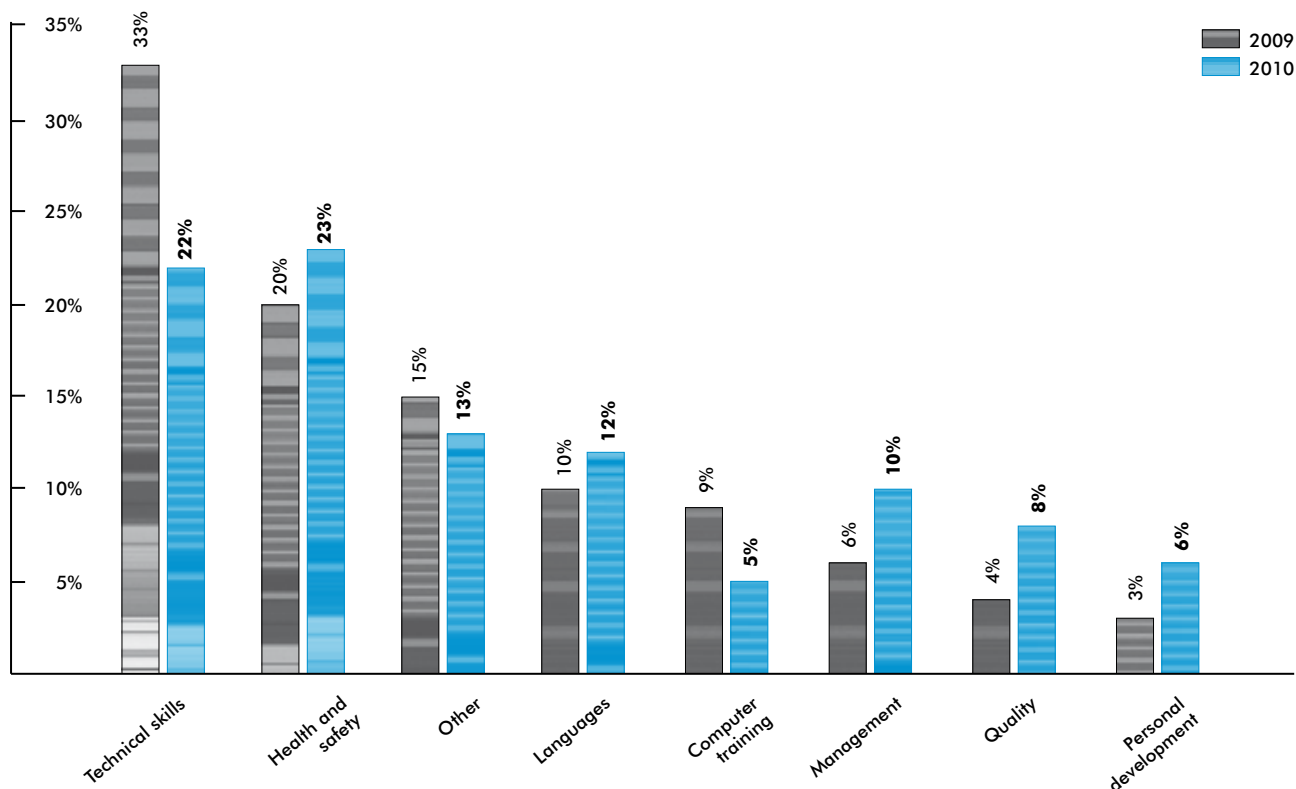
A number of training programs were launched or continue to be deployed in 2010, including:

- Nexans Excellence Way programs, which were started up in all of the Group's host countries, including sessions on the "5S", "autonomous teams", "Settle Quickly Eradicate Control", holding 5-minute team meetings and problem-solving;
- on-the-ground training for managers in order to back up the industrial excellence program;
- programs on maintenance, Inventory Reduction and Improved Services (IRIS), and reducing the consumption of raw materials;
- facilitation Skills and Design Skills programs, provided through Nexans University to help trainers create and deliver training courses;
- leadership training for potential Group managers;
- programs relating to safety and security issues;
- a program for training human resource / managers in the use and deployment of competency models;
- coaching and mentoring programs, such as in Australia and China;
- knowledge transfer training courses, such as in France;
- training in the various IT systems used within the Group;
- technical training courses devoted to communications, purchasing and sales;
- E-learning courses on legal matters.

Training in recently-acquired entities focuses mainly on language learning and the assimilation of Group procedures and best practices.

The theme-based breakdown of training time in the following graph highlights the priority accorded to technical skills and occupational health and safety.

Training time in 2010 by theme



Figures do not include the harness business

9.3.8 Career development

In 2010, the Group further extended the practice of organizing individual career development meetings with employees with a view to helping them build their skill sets by identifying their training needs and encouraging discussion about their career paths. The rollout of these meetings has been boosted by the implementation of industrial excellence approaches (Nexans Excellence Way) as well as the use of competency models.

In 2010, career development interviews were held for the first time with production staff and they now form part of the overall performance appraisal system. The underlying objective of the interview is to develop individuals' behavioral skills in order to further improve their performance and prepare their career path.

Nexans seeks to develop its pool of talent at all levels as a means of enhancing Group performance and nurturing future growth. Three core trends have been identified in the strategic plan for the period 2009-2011:

- management of generational changes;
- globalization of markets and customers across all continents; and
- development of both upstream and downstream activities in the cable business (system integration, services, etc.).

The network of human resources departments is focusing on the following aspects:

- the emergence of new professional specializations;
- new performance criteria (such as Nexans Excellence Way) that need to be promoted and explained to staff; and
- individual profiles that can adopt a more cross-functional way of working within the Group.

In order to respond to these emerging requirements Nexans continued to formalize its career development processes in 2010 – with strong involvement from the Group’s Executive Committee and the Management Committees in all of its host countries – around the following themes:

1. Drawing up competency models for each business, incorporating performance expectations by function and describing each targeted competency in a practical, operations-based way. This process is now complete for the purchasing, sales and marketing, research and development, production, communications and human resources functions.
2. Training human resources and management in conducting appraisals with employees and preparing development plans.
3. Succession Planning and Individual Development (SPID), which is a process to identify potential successors to key positions within the Group as well as key talents. This approach – which is applied in all of the Group’s countries and at Headquarters level – is used for a range of different target profiles, including Group potential, local potential, young talent and experts.
4. The identification of Group experts, with the creation of a knowledge transfer program at Nexans University.
5. The Careers Committee, which brings together members of the Executive Committee every month to address appointments and successions, as well as to identify talent and monitor and partner the development of the employees concerned. The Committee is currently placing particular emphasis on strengthening and developing talent in emerging countries.
6. The “Management Competency Model,” which indicates what is expected from the Group’s principal managers. Nexans evaluates their competencies in terms of operational excellence, take responsibility, “customer/market” focus, people leadership, and global team player in an international environment.
7. Leadership training, based on the “Management Competency Model”, which currently comprises three targeted programs: “Introduction for New Leaders” (for new hires in their first 18 months within the Group); “Leading in a Global Nexans” (for high potential executives), and “Leading across Nexans” (for people who manage cross-business teams without a direct reporting relationship).

Nexans constantly tracks developments in all of its different businesses and strives to match employee competencies with market changes on an ongoing basis.

9.3.9 Group satisfaction survey performed among managers

A Group satisfaction survey was performed in 2010 as part of Nexans’ continuous improvement drive. The objective of the survey was to assess managers’ satisfaction and level of commitment to Nexans, as well as their understanding of Group strategy and cross-business programs (e.g., Nexans Excellence Way, Nexans University and the competency models). Interest in the survey was high among managers, as reflected in the 71% participation rate. The findings showed a strong level of loyalty and commitment to the Group, as well as a good understanding of and agreement with the competencies identified as key to the Group. They also highlighted a need to strengthen communication on Group strategy, Nexans

University and the competency models, and to carry out annual individual interview with all employees. Action plans are currently being drawn up in response to the suggestions for improvement raised by the survey.

Other surveys were also carried out on a local basis during the year, such as in Sweden. The participation rate for this survey was also high, and the results were a marked improvement on the previous two surveys carried out in the country, reflecting the success of targeted action plans.

9.3.10 Disabled employees

The Group directly employed 345 disabled people throughout the world in 2010⁽¹⁾, which was slightly more than in 2009. The term disabled personnel is defined by the legislation of each country and legislation tends to be more proactive in Europe.

The entities concerned undertake to offer working conditions that are as conducive as possible to employing the disabled people in question.

9.3.11 Community activities

In most of the countries in which it is present, the Group supports and contributes financially to charitable associations, aid programs, voluntary work, and partnerships with schools.

The Group supported numerous initiatives in 2010, including:

- Numerous educational programs organized in Colombia for employees and their families as well as offers of legal assistance or psychological support.
- Local economic and industrial development projects in Germany, South Korea, Norway and Sweden, organized through employer federations, chambers of commerce and industry and cooperatives. Examples include the Group’s participation in the expansion of the Rognan rail network in Norway, in association with the local authorities.
- Awareness-raising campaigns among young people in South Korea through the Group’s induction program in which participants are reminded of the needs of disadvantaged populations and encouraged to react appropriately.
- Participation in charitable works in Canada.
- Sponsoring programs in Lebanon, including sports activities and local clubs, as well as donations to associations that mainly provide support to the disabled.
- A rugby school sponsored by the Group in New Zealand, which helps to talent spot future professional players.
- Numerous programs in Australia, organized in partnership with local schools and colleges, encouraging young adults to take part in work-study schemes.
- University sponsoring in Greece and Switzerland (R&D programs, student prizes).
- A nutritional campaign launched in Peru that gives tips and advice to employees.
- Support of children’s programs in Brazil, Norway and Peru.

(1) This figure does not take into account countries where this information is not disclosed due to local regulations.

Nexans also acts as a private sponsor of cultural projects such as the construction of the Louvre Museum in the city of Lens, which started in 2010. Nexans shares its expertise and donates power and communication cables for the museum's building and park. Nexans also acts as a sponsor of the Château de Versailles and donated over 200 km of cables for the renovation of its electrical network.

Aside from the implementation of Group policy and local legislation, many entities play a key role in their social environment or in education. For example, in Peru, a book on "values" was distributed and explained to all employees' children in 2010. In addition, various measures were organized in South Korea as in the past in order to strengthen the corporate culture, communications and the relationship of trust between members of the company.

The Group also carried out numerous environmental initiatives during the year, including setting targets for reducing energy consumption and promoting recycling through the use of waste sorting systems, such as in the Benelux countries. Also during the year, Australia and Brazil successfully set up environmental action plans aimed notably at reducing water consumption and greenhouse gas emissions.

Other examples of the Group's environmental actions include the planting of a large number of trees at the Americana site in Brazil, and a financial donation given by Nexans' Norwegian entity in support of the international environmental agency Bellona.

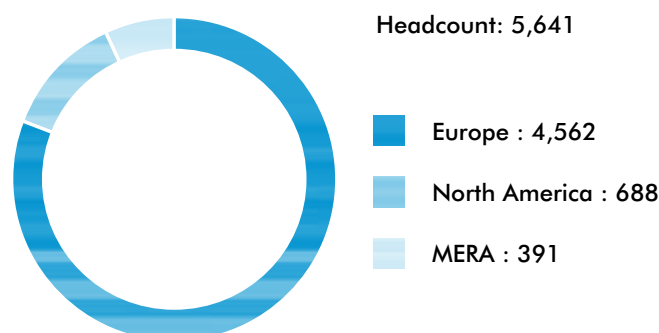
In addition, Nexans North America's employees made a donation to the International Red Cross to help the victims of the earthquake that hit Haiti in January 2010.

9.3.12 The harness business

In view of the specific characteristics of the harness business, employees data for this business is presented separately.

Headcount for the harness business – which is based mainly in Europe – rose by a significant 30% in 2010, boosted by the recovery in the automobile sector. In North America there was a sharp upturn in demand from US truck makers, which led to an over-50% increase in headcount at the Mexico plant. In Europe, headcount rose in Romania and the Czech Republic in order to respond to the upturn in automakers' business as well as the performance of new contracts. In parallel, an upswing in business levels for industrial harnesses led to an increase in headcount in Slovakia.

A high proportion of employees in the harness business (38%) are on fixed-term contracts.



Headcount by geographic area (number of people holding a contract with a consolidated Group entity at the date indicated)
(MERA: Middle East, Russia and Africa)

In order to adjust to changes in workload and factor in productivity gains, headcount for the harness business fluctuated sharply during 2010. The majority of new hires took place in the first half of the year and a large proportion of natural departures was due to fixed-term contracts coming to an end.

Overall, there was a marked net increase in headcount in 2010, reflecting a pronounced year-on-year improvement in activity.

	Europe	North America	MERA	Harness business
Natural departures	(1,496)	(634)	(161)	(2,291)
Restructuring	(22)	0	0	(22)
Recruitment	2,286	1,002	348	3,636
Changes in scope	0	0	0	0
Transfers	9	0	0	9
Total	777	368	187	1,332

(MERA: Middle East, Russia and Africa)

“Natural departures” include resignations, retirements, individual voluntary departures and terminations, death and the expiration of fixed-term contracts.

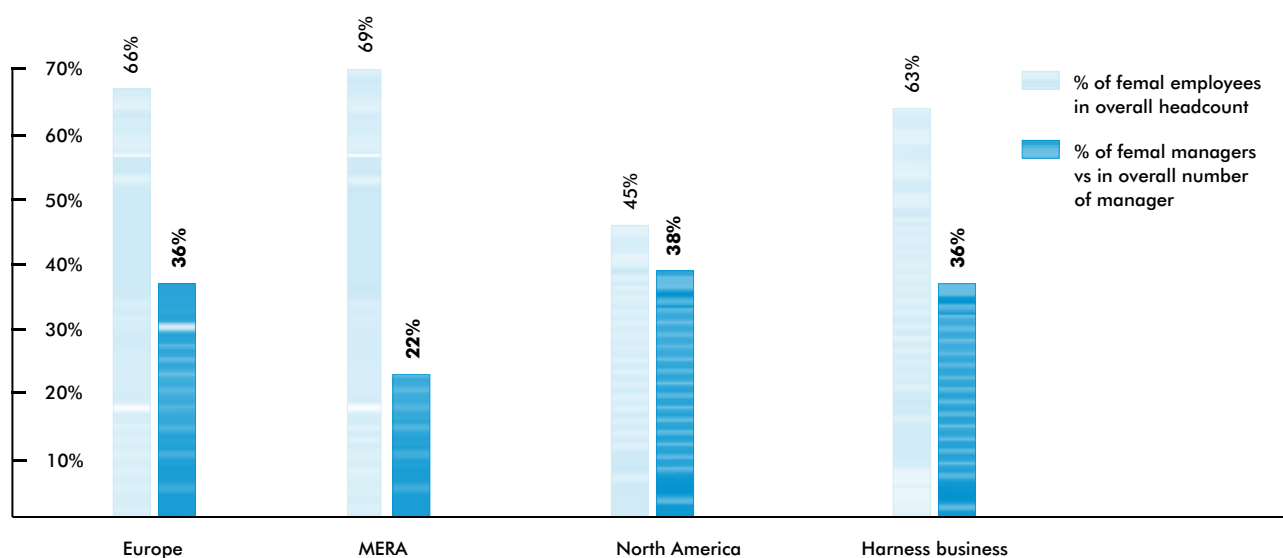
The «Restructuring» line concerns persons leaving the Group as part of a redundancy plan (both fixed-term and permanent positions).

“Recruitment” corresponds to persons recruited outside the Nexans Group on fixed-term or permanent contracts as well as persons employed by the Group who previously held temporary contracts.

“Changes in scope” include persons joining or leaving the Group due to the acquisition or disposal of a business or company (fixed-term and permanent positions).

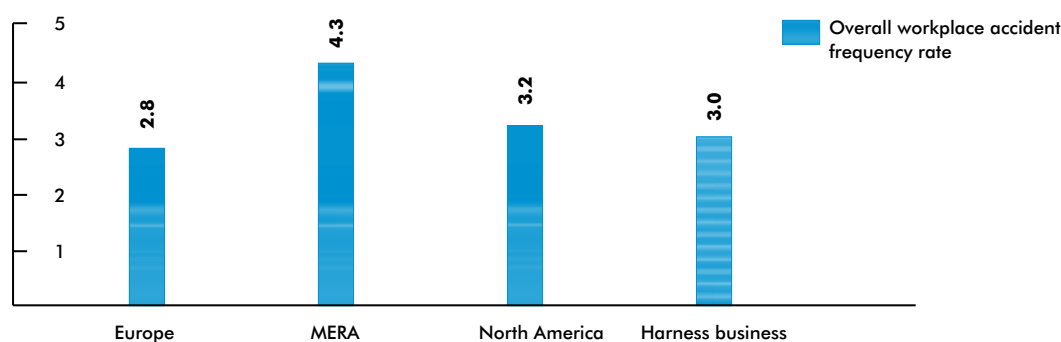
“Transfers” include persons who have changed employer within the Group (fixed-term and permanent positions).

The majority of employees in the harness business are women, as illustrated in the graph below.



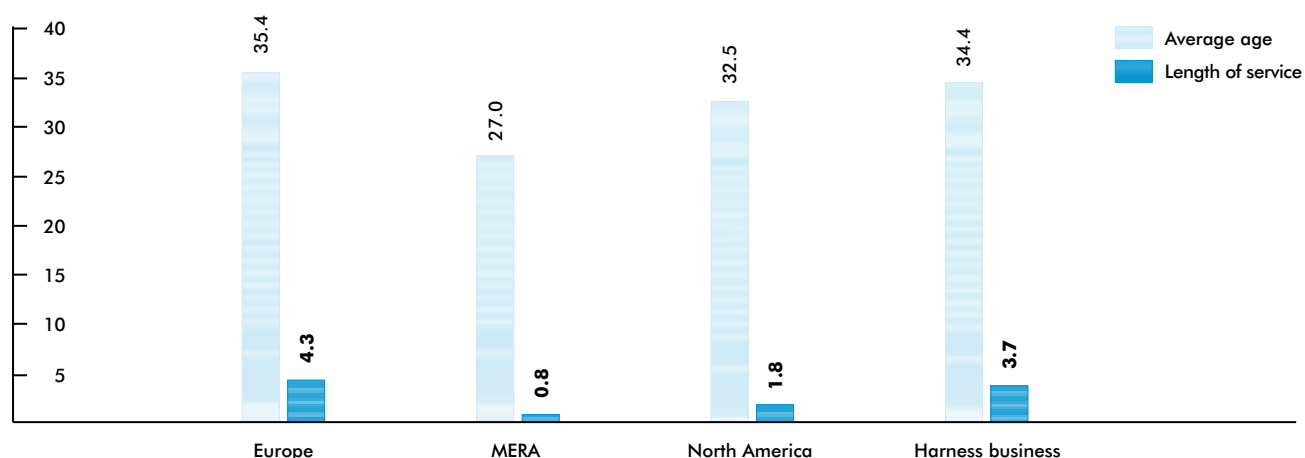
(MERA: Middle East, Russia and Africa)

The overall global work accident frequency rate in the harness business is less than 5:



(MERA: Middle East, Russia and Africa)

Overall global work accident frequency rate = Total number of work accidents involving lost time in excess of 24 hours/Total number of hours worked x 1,000,000.



At 34.4 years, the average age of employees in the harness business is relatively low. The overall average length of service is 3.7 years.

9.4 Environmental data

9.4.1 Nexans policy on environmental issues

The environment and the safety of employees and property are of primary importance to Nexans. The Group's policy is outlined in the "Industrial Risk Management" charter signed by the Chairman and CEO and circulated to all sites worldwide and available on the intranet. This charter covers continuous improvement in performance at production sites through audits and the assessment of risks relating to products and manufacturing processes.

Nexans' commitment to environmental protection is also reflected in its policy of training its employees in environmental best practices.

Environmental policy is the responsibility of the Group's Industrial Management and Logistics Department, which reports to the Management Committee. The Industrial Management Department supervises industrial strategy, investment budgets, and the management of major industrial projects. The Department also manages cross-functional projects, particularly product and process development, as well as the Group's plant and machinery. In each of these areas, it ensures that conservation and environmental protection requirements are fully complied with.

The environmental rules and targets set by the Industrial Management Department apply to Group operations worldwide.

The continuous performance improvement program for production sites is steered by the Environment and Products Committee, which comprises two members of the Management Committee as well as members from the Industrial Management and Logistics, Technical, Purchasing, Legal, Risk Management and Marketing Departments. This Committee meets twice a year.

• Environmental management: measures taken to ensure compliance with applicable rules

An internal environmental management system was set up when Nexans was formed and has been rolled out to all of the Group's sites. The objective of this system is to reduce pollution risks and control environmental costs (consumption of energy, water, raw materials and hazardous substances, as well as waste disposal and recycling).

In accordance with ISO 14001, this system is based on an annual review of all the Group's plants using a questionnaire covering 12 environmental issues, each rated according to a scoring grid. This questionnaire, which was posted on the intranet in 2008, also monitors the investments made by Nexans during the year to improve environmental performance. The scoring grid changes each year in line with regulatory developments and the areas that the Group wishes to improve. In 2010, as in 2009, the points reviewed included water recycling at plants (to limit consumption), waste recycling and reuse, identification of major environmental risks (accompanied by specific crisis management plans), and storage of hazardous liquids.

A Group Environmental Manual, commissioned by the Executive Committee, was drawn up in January 2005 (and updated in November 2008) and sent out to all production sites. It describes Nexans' environmental management approach, in particular the performance targets, procedures, crisis management plans and tools available at each site, and serves as a reference document for the plants' environmental management systems. It also describes the Group's organization and the role of country-level management in implementing the Group's environmental policy.

Once the questionnaires have been analyzed, recommendations are sent to the sites in the form of summaries and graphs so that problems can be solved through action plans tailored to improved environmental management at specific sites. Recommendations are monitored on an annual basis.

Since 2003, the Group has used an external specialist to audit issues covered by the questionnaire.

In 2010, 32 sites were audited and those that were found to be well-managed environmentally were awarded the EHP (*Environnement Hautement Protégé*, Highly Protected Environment) label. At end-2010, 67 sites - or 72% of those audited - had been awarded the EHP label.

The sites that did not receive the EHP label were provided with recommendations on how to achieve the required level, and they initiated corrective actions accordingly. These actions are included in the plants' three-year plans.

The environmental audit program, which is the same for all of the sites audited, is a means of checking data on the consumption of materials (water, solvents, energy, packaging, etc.), discharges into the air and water, soil protection, the condition of storage facilities, waste volumes and recycling methods, and the impact of the Group's activities in terms of noise.

In addition to this system, some of the Group's plants have launched a process to obtain ISO 14001 certification. At end-2010, a total of 55 Group sites were ISO 14001 certified.

9.4.2 Environmental consequences of the Group's operations and measures taken to limit their impact

The environmental impact of Nexans' core businesses can be summarized by sector, as follows:

• Copper and aluminum metallurgy

The main resources concerned are energy (natural gas) and water, which is used for steam and cooling. Most of the water consumed is recycled (95%).

• Power cables and copper telecom cables

Conductor manufacturing (drawing and stranding) consumes electrical power for annealing and oily water for drawing lubrication. Wastewater is filtered, treated, and recycled.

Extrusion cable manufacturing requires large quantities of water for cooling. Most of this water is recycled, ensuring that consumption remains low. Air emissions are treated by filter extractors specific to each facility and subject to the emissions thresholds established by each country. Solvent consumption is very low considering the extremely large quantities of cables produced (and relates primarily to marking inks, for which special treatment and processing is provided by the Group: storage in small cabinets and fume hoods used for cleaning ink jets and wheels).

• Waste recycling: a dedicated joint venture

The Nexans Group is highly committed to waste recycling, through Recycable, a company in which it owns a 36% interest. Recycable recycled 14,123 tons of cable waste from Nexans plants in 2010. By carefully sorting factory waste and recycling cable waste, most of the Group's waste – including wood, paper, cardboard, ferrous metals, machine oil, batteries, and special waste – is re-used in some way.

• **Environmental indicators**

	2008	2009	2010
Number of sites monitored	93	95	92
Energy consumption	1,657,900 MWh	1,407,000 MWh	1,425,400 MWh
<i>of which electricity</i>	890,000 MWh	794,000 MWh	821,300 MWh
<i>of which fuel oil</i>	87,900 MWh	85,500 MWh	83,100 MWh
<i>of which gas</i>	680,000 MWh	516,100 MWh	504,400 MWh
Water consumption	4,760,000 m ³	4,400,000 m ³	3,000,000 m ³
Solvent consumption	940 t	810 t	720 t
Copper consumption	650,000 t	546,000 t	510,000 t
Aluminum consumption	138,000 t	139,000 t	149,000 t
Number of sites equipped with water recycling systems ⁽¹⁾	74	76	86
Waste tonnage	103,800 t	91,910 t	97,280 t
<i>of which special waste</i>	6,730 t	6,360 t	6,580 t
Amount of recycled cable manufacturing waste (in tonnes) ⁽²⁾	21,700 t	18,335 t	14,123 t
CO ₂ emissions ⁽³⁾	-	541,000 t CO ₂ eq	445,000 t CO ₂ eq
Number of EHP-certified sites	52	60	67
Number of ISO 14001– certified sites	38	56	54

(1) Sites where at least 75% of machines are equipped with a water recycling system.

(2) Tons of waste processed by Recycable.

(3) Direct and certain indirect emissions of CO₂ (from electricity and steam consumption, power line losses, use of fossil fuels, use of packaging, and land filling).

(-) not available.

These figures, which are estimated based on the data collected, pertain to the Group's scope of consolidation at December 31, 2010.

• **Environmental expenditure**

In 2010, environment-related expenditure amounted to 5.5 million euros (versus 7.1 million euros in 2009) and mainly concerned the following items: environmental taxes (e.g., water tax), maintenance (purchase of filters, for example), analyses, tests, royalties and licenses.

• Environment-related investments and provisions for environmental risks

Investments:

Environment-related investments in 2010 can be broken down as follows:

(in thousands of euros)	Soil and water protection	Air protection and energy savings	Waste reduction and miscellaneous	Noise	Elimination of PCB transformers (in France)	Total
Montant	680	1,796	1,892	156	90	4,614

In 2009, environment-related investment totaled some 4.2 million euros.

Soil and water protection:

The current deterioration of ground water and the management of water as a scarce resource worldwide constitute a key challenge in sustainable development. Nexans is involved in both thought processes and initiatives relating to this issue by enhancing supervision, and monitoring the presence of polluting liquids in both storage and operational areas, and by stepping up its efforts to recycle water.

Air protection and energy savings:

Saving energy is a major preoccupation for the Group. Various investments have therefore been made in this area. For example, in the Group's plants air compressors have been replaced with modern equipment that consumes less energy and initiatives have been taken concerning the Group's products such as improving the power factor (i.e., reducing idle power) and improving electrical networks.

Provisions for risks:

At December 31, 2010, provisions for environmental risks amounted to 6.5 million euros (see section 6.2.7 of this report for an overview of industrial and environmental risks).

Appendix 1

Parent company results for the last five years

	2010	2009	2008	2007	2006
I- Share capital at the end of the fiscal year					
a) Share capital (in thousands of euros)	28,604	28,013	27,936	25,678	25,265
b) Number of shares issued	28,604,391	28,012,928	27,936,953	25,678,355	25,264,955
II- Results of operations (in thousands of euros)					
a) Sales before taxes	12,882	14,498	18,262	13,263	13,061
b) Income before taxes, employee profit-sharing, depreciation amortization, and provisions	38,136	71,586	106,864	92,939	134,305
c) Income taxes	(672)	(256)	3,199	672	(249)
d) Employee profit-sharing due for the fiscal year	121	95	124	74	152
e) Income after tax and employee profit-sharing, depreciation, amortization, and provisions	28,684	61,743	94,461	110,031	88,095
f) Dividends		28,101	55,942	50,744*	31,648
III- Income per share (in euros)					
a) Income after tax and employee profit-sharing, but before depreciation, amortization, and provisions	1.33	2.56	3.71	3.59	5.32
b) Income after tax and employee profit-sharing, depreciation, amortization, and provisions	1.00	2.20	3.38	4.28	3.49
c) Dividend per share		1.00	2.00	2.00	1.20
IV- Personnel					
a) Average headcount for employees during the fiscal year (number of employees)	6	6	6	6	6
b) Total fiscal year payroll (in thousands of euros)	3,101	4,924	4,719	3,351	3,556
c) Total amount paid for employee benefits during the fiscal year (in thousands of euros)	1,023	1,641	1,573	1,117	1,185

* This amount does not include a complementary dividend of 10,650 relating to 2006 paid on 02/22/2008.

Appendix 2

Summary of authorizations to increase the Company's share capital and their use during fiscal 2010

Resolutions approved at the Shareholders' Meeting of May 25, 2010*	Limit for each resolution**	Sub-limits applicable to several resolutions**	Limits applicable to several resolutions**	Use during fiscal 2010
Issue of ordinary shares with pre-emptive subscription rights (R10) with a greenshoe option if oversubscribed (R14)	€14,000,000	-	€14,000,000	/
Issue of debt securities carrying rights to shares (convertible bonds, equity notes, bonds with stock warrants, OCEANE bonds etc.) without pre-emptive subscription rights, through a public offering (R11) or a private placement (R12) with a greenshoe option if oversubscribed (R14)	Shares = €4,000,000 (< 15% of the share capital) Debt securities = €300,000,000	€4,000,000 (< 15% of the share capital)		/
Issue of shares and/or securities carrying rights to shares in the event of a public exchange offer initiated by the Company either for its own shares or the shares of another company, without pre-emptive subscription rights (R13), with a greenshoe option if oversubscribed (R14)	€4,000,000 (< 15% of the share capital)			/
Issue of shares reserved for a category of beneficiaries in connection with a share capital increase reserved to employees (R18)	€100,000			Issue of 97,437 new shares to Société Générale as part of the Act 2010 employee share ownership plan
Issue of shares in payment for securities transferred to the Company (R15)	5% of the share capital	-	/	
Issue of shares to be paid up by capitalizing reserves, income or additional paid-in capital (R16)	€10,000,000		-	/
Issue of shares and/or securities carrying rights to shares, to members of an employee savings plan (R17)	€400,000		-	Issue of 385,030 new shares to Group employees as part of the Act 2010 employee share ownership plan
			Overall limit of € 24,800,000	

* The abbreviation "R..." stands for the number of the resolution submitted for approval the Annual Shareholders' Meeting of May 25, 2010.

** The maximum par value of the capital increases which could take place corresponds to the maximum number of shares that could be issued as the par value of one Company share is equal to 1 euro.

NB : Use in early 2010 of an authorization granted at the May 26, 2009 Annual Shareholders' Meeting: on March 9, 2010, the Board set up a stock option plan (plan no. 9) providing for the grant of options exercisable for a total of 395,490 options to 216 beneficiaries (see section 7.4 of the 2010 management report).

Report of the Chairman

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Report of the Chairman of the Board of Directors on Corporate Governance and Internal Control

In accordance with paragraph 6 of Article L.225-37 of the French Commercial Code (*Code de commerce*), Frédéric Vincent, Chairman and CEO of Nexans – a holding company and parent of the Group – hereby presents the following report, which is appended to the Management Report for 2010 and divided into two parts:

- Part I, covering corporate governance matters (Corporate Governance Code, Board of Directors, Executive Management, Shareholders' Meetings, and compensation and benefits payable to executive corporate officers).
- Part II, dedicated to the internal control and risk management procedures set up by the Company.

This report, which was reviewed and approved by the Board of Directors on February 11, 2011, concerns the parent company and all Group companies included in the scope of consolidation.

In compliance with paragraph 9 of Article L.225-37 of the French Commercial Code, it is specified that the disclosures required by Article L.225-100-3 of said Code are included in the Management Report presented by the Board of Directors.

I. Corporate governance

This section of the report was drawn up in conjunction with members of the Legal, Human Resources, and Finance departments.

The reference framework applied by Nexans when preparing this report is the Corporate Governance Code applicable to listed companies published by the *Association Française des Entreprises Privées* (AFEP) and *Mouvement des Entreprises de France* (MEDEF) (the "AFEP-MEDEF Corporate Governance Code"). Any provisions of the AFEP-MEDEF Corporate Governance Code that have not been applied by Nexans are set out in section 2.4 below.

1. Composition of the Board of Directors

At December 31, 2010, the Board of Directors comprised 13 members (including two foreign nationals) from diverse backgrounds. Members are selected for their expertise and experience in industry, banking, or consultancy, enabling them to give informed opinions and advice in the best interests of the Company.

Directors elected since January 1, 2004 hold office for a four-year term, which may be renewed.

1.1 Members of the Board of Directors

Nexans' Annual Shareholders' Meeting held on May 25, 2010 approved the appointment of Véronique Guillot-Pelpel as a new member of the Board, for a period of four years, replacing Jean-Louis Gerondeau (who passed away end of 2009) and the renewal of the terms of office of Gérard Hauser and François Polge de Combret.

The terms of office of Véronique Guillot-Pelpel, Gérard Hauser and François Polge de Combret will end at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2013.

Furthermore, 7 of the 13 terms of office will expire at the close of the Annual Shareholders' Meeting to be called in 2011 to approve the 2010 financial statements.

At December 31, 2010 the members of the Board of Directors were as follows:

Frédéric Vincent Chairman and CEO	56 years old, French nationality
	8 rue du Général Foy, 75008 Paris, France
Number of shares held	6,336 (including 1,000 held by his wife)
Number of corporate mutual fund units invested in Nexans shares	3,628 (value of one unit = value of one share)
First appointed as a director	April 10, 2008
Appointment as Chairman and CEO	April 3, 2009 (with effect from May 26, 2009)
Expiration of current term	2012 Annual Shareholders' Meeting
Expertise/Experience	In 1986, Frédéric Vincent joined Alcatel after working for a major auditing firm from 1978 to 1985. He moved to Alcatel's Cables and Components sector in 1989 and in 1994 was appointed Deputy Managing Director (Administration and Finance) for Alcatel's submarine telecommunications activities, and in 1997, for Saft, Alcatel's batteries activity. He became Nexans' Chief Financial Officer and a member of the Executive Committee in 2000, was appointed Chief Operating Officer in 2006 and was elected as a director on April 10, 2008. He has been Chairman and CEO of Nexans since May 26, 2009.
Gianpaolo Caccini Director	72 years old, Italian nationality
	President of Assovetro, the Italian Association of Glass Manufacturers Via Caradosso n°17, 20123 Milan, Italy
Number of shares held	487
First appointed as a director	June 15, 2001
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	From 1973 to 1980, Gianpaolo Caccini worked at the Saint-Gobain Group as Vice President, Sales, then managed several divisions, units and subsidiaries including Vetrotex Italie Spa and Saint-Gobain Desjonquères SA France. From 1996 to 2000, he was Vice President, North America and subsequently the Group's Deputy CEO, before serving as CEO from 2000 to 2004. He has been the President of Assovetro (the Italian Association of Glass Manufacturers) since 2004.
Jean-Marie Chevalier Director	69 years old, French nationality
	Professor of Economics at the University of Paris Dauphine Place du Maréchal de Lattre de Tassigny, 75116 Paris, France
Number of shares held	420
First appointed as a director	October 23, 2003
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	Jean-Marie Chevalier held the position of Professor of Economics at the Universities of Grenoble and Paris XIII Nord before taking up the same post at the University of Paris Dauphine which he has held since 1991. He also taught at IEP Paris between 1982 and 1990 and at ENA from 1988 to 1990. He has been a consultant for various companies, banks, government agencies and international organizations and since 1984 has acted as consultant for the Energy Department at the World Bank. He has also been a Senior Associate at Cambridge Energy Research Associates (IHS-CERA) since 1997.

Georges Chodron de Courcel Director	60 years old, French nationality Chief Operating Officer of BNP Paribas and member of the Executive Committee 3 rue d'Antin, 75002 Paris, France
Number of shares held	229
First appointed as a director	June 15, 2001
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	Georges Chodron de Courcel joined BNP in 1972. After holding several management positions, he became Deputy CEO in 1993, then Managing Director in 1996. From 1999 to 2003 he was a member of the Executive Committee and Head of the Finance and Investment Bank of BNP Paribas and has held the post of Chief Operating Officer of the Group since 2003.
Jérôme Gallot Director	51 years old, French nationality Chairman of CDC Entreprises 137 rue de l'Université, 75007 Paris, France
Number of shares held	920 (jointly with his wife)
First appointed as a director	May 10, 2007
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	After serving as an Auditor at the Cour des Comptes for three years, between 1989 and 1992, Jérôme Gallot worked for the General Secretariat of the French Inter-Ministerial Committee on European Economic Cooperation, after which he joined the French Budget Directorate. He was successively Chief of Staff at the Ministries of Industry, Post, and Telecommunications, International Trade, and Public Services, before becoming Chief of Staff for the Deputy Finance Minister (1993 to 1997). Between 1997 and 2003 he served as Director General of the Department of Competition, Consumer Affairs, and Anti-Fraud Division within the French Ministry of the Economy, Finance, and Industry and was subsequently named Senior Executive Vice President and member of the Executive Committee of Caisse des Dépôts and Consignations. In 2006, he was appointed Chairman of CDC Enterprises, and since 2009, he has been a member of the Executive Committee of Fonds Stratégique d'Investissement.
Jacques Garaïalde Director	54 years old, French nationality Managing Director of Kohlberg Kravis Roberts & Co. Ltd. Stirling Square, 7 Carlton Garden, London SW1Y 5AD, United Kingdom
Number of shares held	500
First appointed as a director	June 15, 2001
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	After a period with Exxon Corporation, Jacques Garaïalde joined the Boston Consulting Group in 1982, where he worked successively as Consultant, Vice President, Senior Vice President, and Vice President Operations, Belgium and France (1995 to 2000). He served as Managing Director Europe for the Carlyle Group in London from 2000 to 2003 before joining the Kohlberg Kravis Roberts & Co. group as Managing Director.

Véronique Guillot-Pelpel Director	60 years old, French nationality
	Judge at the Paris Commercial Court 8 rue de Tocqueville, 75017 Paris, France
Number of shares held	3,885
Number of corporate mutual fund units invested in Nexans shares	2,924 (value of one unit = value of one share)
First appointed as a director	May 25, 2010
Expiration of current term	2014 Annual Shareholders' Meeting
Expertise/Experience	From 1971 to 1990, Véronique Guillot-Pelpel held various public relations positions and went on to become Head of Communications of the BASF Group and La Compagnie Bancaire. In 1990, she joined Paribas as Head of Communications, and then in 1997 she became Head of Human Resources and Communications and a member of the Paribas Group's Executive Committee. She joined the Nexans Group in 2000 as Head of Communications and held the position of Head of Human Resources and Communications from 2006 to 2008. She was a member of Nexans' Executive Committee from October 2001 until she left the Group in 2008. Véronique Guillot-Pelpel is a judge at the Paris Commercial Court.
Gérard Hauser Director	69 years old, French nationality
	16 avenue Georges Mandel, 75016 Paris, France
Number of shares held	56,268
First appointed as a director	October 17, 2000
Expiration of current term	2014 Annual Shareholders' Meeting
Expertise/Experience	From 1965 to 1975, Gérard Hauser held various managerial positions within the Philips Group. Between 1975 and 1996, he served as Chairman and CEO of Pechiney World Trade, and then Pechiney Rhénalu, following which he was appointed Senior Executive Vice President of American National Can and a member of the Group Executive Committee. He joined Alcatel Câble France in 1996 and became Chairman of Alcatel's Cables and Components sector in 1997. He was then appointed Chairman and CEO of Nexans in 2000 – a position he held until May 2009.
Colette Lewiner Director	65 years old, French nationality
	Vice President, Global Leader Energy, Utilities & Chemicals of Cap Gemini Tour Europlaza, La Défense 4, 20 avenue Andre Prothin, 92927 Paris – La Défense Cedex, France
Number of shares held	1,600
First appointed as a director	June 3, 2004
Expiration of current term	2012 Annual Shareholders' Meeting
Expertise/Experience	Following several years of physics research and university lecturing (<i>Maître de conférences</i> at the University of Paris VII), Colette Lewiner joined Electricité de France in 1979 where she set up the Development and Commercial Strategy Department in 1989. She was appointed Chair and Chief Executive Officer of SGN-Réseau Eurysis in 1992, before joining Cap Gemini in 1998 to set up the International Utilities Department. After Cap Gemini's merger with Ernst & Young, she was made Head of the extended Energy, Utilities & Chemicals Department. In 2004, she also set up the Global Marketing Department of Cap Gemini which she managed until 2007. In September 2010, in addition to her role at Cap Gemini, Colette Lewiner became non-executive Chairman of TDF.

Guillermo Luksic Director	55 years old, Chilean nationality
	Chairman of the Board of Directors of Quiñenco Enrique Foster Sur 20, piso 14, Las Condes, Santiago, Chile
Number of shares held	500
First appointed as a director	April 10, 2008 (with effect from September 30, 2008)
Expiration of current term	2012 Annual Shareholders' Meeting
Expertise/Experience	Guillermo Luksic began his career in 1975 with the Quiñenco group and was appointed Chairman of the Board in 1982. He is currently Chairman of the Boards of the Chilean companies Madeco, CCU and Viña San Pedro Tarapacá. He is also director of Embotelladoras Chilenas Unidas and Compañía Písquera de Chile. In 2001, he was appointed member of the Board of Directors of Banco de Chile and SM Chile S.A., and since 2004 he is a director of LQ Inversiones Financieras S.A. In 2005, he was appointed a director of Antofagasta Plc, a London-based Chilean mining company with investments in Chile through its subsidiary Antofagasta Minerals S.A. He is also an advisor to and member of the management bodies of various non-profit organizations, including the Ena Craig foundation and the Centro de Estudios Públicos. He is also a trustee of the University of Finis Terrae in Chile.
François Polge de Combret Director	69 years old, French nationality
	Senior Advisor of Crédit Agricole CIB 9 quai du Président Paul Doumer, 92920 Paris – La Défense cedex, France
Number of shares held	500
First appointed as a director	May 15, 2006
Expiration of current term	2014 Annual Shareholders' Meeting
Expertise/Experience	François Polge de Combret was successively Advisor to the Cour des Comptes, and Advisor for economic and industrial affairs under Valéry Giscard d'Estaing (1971-1978), first at the French Ministry of Finance and the Economy, then to the President of the Republic. He subsequently served as the President's Deputy General Secretary between 1978 and 1981. He joined Banque Lazard in 1982, spending three years based in New York before being appointed a managing partner of the bank in Paris in 1985. In 2006 he left Banque Lazard to become a Senior Advisor at UBS and on January 5, 2010 was named Senior Advisor of Calyon, which then became Crédit Agricole CIB.

Ervin Rosenberg Director	75 years old, French nationality
	Advisor to the Chairman of the Management Board Compagnie Financière Edmond de Rothschild Banque 47 rue du Faubourg Saint-Honoré, 75008 Paris, France
Number of shares held	500
First appointed as a director	June 15, 2001
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	Ervin Rosenberg began his career at BNP in 1965 where he joined the Industrial Business Division in 1984 and the Large Corporations Division in 1985. He was appointed Director of the Large Corporations Division in 1993. He subsequently became a member of BNP's Executive Management Committee and then Corporate Director in 1994, before being appointed Honorary Deputy Managing Director in 2000. Also in 2000 he was named Advisor to the Chairman of the Management Board of Compagnie Financière Edmond de Rothschild Banque, where he sat on the Supervisory Board until 2006 when he became a non-voting director.
Nicolas de Tavernost Director	60 years old, French nationality
	Chairman of the Management Board of the M6 Group 89, avenue Charles de Gaulle, 92575 Neuilly Cedex, France
Number of shares held	501
First appointed as a director	May 10, 2007
Expiration of current term	2011 Annual Shareholders' Meeting
Expertise/Experience	Nicolas de Tavernost began his career in 1974 as head of mission for the French Ministry of International Trade (Commerce Extérieur). He was later appointed as head of mission for the Secretary of State for Post and Telecommunications. He joined Lyonnaise des Eaux in 1986 as Director of AudioVisual Operations. He has been Managing Director of M6 since it was formed in 1987, and was appointed Chairman of the Managing Board in 2000.

Madeco, which owns approximately 9% of the Company's capital, is represented by Guillermo Luksic who has been a member of Nexans' Board of Directors since September 30, 2008.

No directors are elected by employees.

(See section 7.1 of the 2010 Management Report for the list of corporate offices and positions held by the corporate officers during 2010 as well as the list of the corporate offices ended during the last five years).

1.2 Independence

Each year, the independence of Nexans' directors is discussed by the Appointments and Compensation Committee and reviewed by the Board prior to publication of the Annual Report.

Following a review carried out by the Appointments and Compensation Committee, in February 2011 the Board examined the individual status of each of its members in relation to the independence criteria defined in the Board's Internal Regulations, which are based on the criteria set out in the AFEF-MEDEF Corporate Governance Code.

The Board subsequently deemed Gianpaolo Caccini, Jean-Marie Chevalier, Jérôme Gallot, Jacques Garaïalde, Colette Lewiner, Nicolas de Tavernost and Guillermo Luksic to be independent directors.

Guillermo Luksic is considered independent as Madeco – of which he is Chairman – holds less than 10% of Nexans' capital and voting rights and does not exercise control over the Company, notably in light of the rules on the restriction of voting rights provided for in the Company's bylaws.

Jérôme Gallot – who is a member of the Executive Committee of *Fonds Stratégique d'Investissement* (FSI), which owns more than 5% of Nexans' capital – is also deemed to be independent as FSI does not exercise any control over the Company.

The directors deemed by the Board as not being independent are as follows: Frédéric Vincent, in view of his position as Chairman and CEO of the Company; Gérard Hauser, in view of his previous position as Nexans' Chairman and CEO between 2001 and May 2009; Véronique Guillot-Pelpel, in view of her positions within Nexans between 2001 and 2008; and Georges Chodron de Courcel, François Polge de Combret and Ervin Rosenberg due to their positions within banks with which the Group has business relations, i.e., BNP Paribas, Crédit Agricole CIB (formerly Calyon), and La Compagnie Financière Edmond de Rothschild Banque respectively.

At December 31, 2010 seven of Nexans' thirteen directors were therefore considered to be independent, representing more than half of the Board's total members.

1.3 Directors' rights, access to information and code of conduct

The Board of Directors' Internal Regulations set out the principles adopted by the Company concerning the rights of Nexans' directors as well as their access to information and a code of conduct.

Directors are required to hold the minimum number of shares provided for in the Company's bylaws. The Internal Regulations also state that it is preferable for each director to hold at least 500 Nexans shares.

Corporate officers are not subject to any restrictions concerning the sale or transfer of their shares, with the exception of rules applicable to insider trading and the lock-up period applicable to shares held by executive corporate officers on exercise of stock options. A table detailing transactions in Nexans shares carried out by corporate officers during 2010 is provided in section 7.2 of the 2010 Management Report.

1.4 Additional information

To the best of the Company's knowledge, there are no family relationships between Nexans' corporate officers, or any service contracts between any of the Board members and the Company or any of its subsidiaries.

Also to the best of the Company's knowledge, during the past five years none of its corporate officers:

- have been convicted of fraud;
- have been involved in any bankruptcies, receiverships or liquidations;
- have been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authority;
- have been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from participating in the management or conduct of the affairs of an issuer.

As mentioned above, certain Board members or executive corporate officers serve as corporate officers and/or senior managers for companies that may enter into contractual agreements with companies of the Nexans Group for commercial transactions (e.g., customers) and/or financial transactions (e.g., investment banks and/or guarantors). As any such contracts are negotiated and signed under arm's length conditions, the Company is not aware of any possible conflicts of interest between the corporate officers' duties towards Nexans and their private interests and/or any of their other obligations.

Under the acquisition agreement signed with the Madeco group in February 2008, Nexans undertook to recommend at the Annual Shareholders' Meeting that a director nominated by Madeco be appointed as a director and that Madeco should maintain a representative on the Board for as long as it retains 50% of its initial stake in Nexans. Apart from this undertaking and any related party agreements approved in advance by the Board, no agreements or arrangements have been entered into with the Company's main shareholders, customers, suppliers or other parties concerning the appointment of a Nexans corporate officer.

2. Preparation and organization of the Board's work

The Board has adopted a set of operating procedures that enable it to effectively fulfill its duties.

2.1 Internal Regulations

In 2003 the Board adopted a set of Internal Regulations which is given to each new director. These regulations were amended by the Board on January 16, 2009 following the publication of the AFEP-MEDEF Corporate Governance Code and updated on February 9, 2010 and January 14, 2011.

The purpose of the Internal Regulations is to supplement legal and regulatory rules and the Company's bylaws by setting out (i) detailed operating procedures for the Board and its Committees and (ii) the duties of directors, particularly in light of the corporate governance principles contained in the AFEP-MEDEF Corporate Governance Code. This Code – which the Company uses as its reference framework – can be viewed in French via the website of the MEDEF (www.medef.fr).

The Board's Internal Regulations – which can be viewed on Nexans' website – cover in particular:

- the composition of the Board of Directors, including independence criteria;
- the Board's roles and responsibilities, such as the prior approval of investment, restructuring, acquisition, merger and divestment projects involving material amounts;
- information provided to directors and the directors' code of conduct;
- the internal regulations of each of the Board Committees.

The Internal Regulations also contain an appendix on the principles underlying Nexans' executive compensation policy.

2.2 Board meetings in 2010

Board meetings are called in accordance with the applicable laws, the Company's bylaws and the Board's Internal Regulations.

The Board met nine times in 2010 with an average attendance rate of 85%.

The number of meetings attended by each director in 2010 was as follows:

Director	Number of meetings attended
Frédéric Vincent	9
Gianpaolo Caccini	8
Jean-Marie Chevalier	8
Georges Chodron de Courcel	7
Jérôme Gallot	9
Jacques Garaïalde	6
Véronique Guillot-Pelpel ⁽¹⁾	5
Gérard Hauser	9
Colette Lewiner	7
Guillermo Luksic	2
François Polge de Combret	8
Ervin Rosenberg	8
Nicolas de Tavernost	9

(1) Appointed on May 25, 2010.

As stipulated in the Internal Regulations, prior to each meeting, Board members are sent details about any agenda items that require particular analysis and prior reflection.

The main topics discussed by the Board during its meetings in 2010 were as follows:

Monitoring the Group's key strategic areas	- Updating the 2009-2011 strategic plan - Review of external growth opportunities and restructuring projects (six meetings)
The Group's financial position, including cash flow and commitments	- 2010 budget - Approval of the parent company and consolidated financial statements for the year ended December 31, 2009 and the six months ended June 30, 2010, after hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee - Six presentations on business trends and the financial and/or net debt position of the Company and the Group; reports by the Chairman of the Accounts and Audit Committee on topics reviewed by the Committee
Executive Management and compensation	- Compensation and benefits, and performance-related objectives applicable to the CEO - Quantitative objectives for 2010 used as a basis for determining the variable compensation payable to Group senior managers
Corporate governance and internal control	- Formal assessment of the operating procedures of the Board with the assistance of an outside consultant - Assessment of the independence of directors - Proposing the appointment of a new director and the renewal of the terms of office of two directors - Appointing a member of the Accounts and Audit Committee - Updating the Board of Director's Internal Regulations - Adopting the AFEP-MEDEF's April 2010 recommendation - Internal Audit report and the Group risk mapping - Competition Compliance Program
Market transactions	- Receivables securitization program - Employee share issue
Other	- Notice of the Annual Shareholders' Meeting and approval of the reports required by law - Corporate Social Responsibility (CSR) Program

Reports are also presented to the Board of Directors on a regular basis by the various managers in charge of corporate departments and geographic areas. These reports enable directors to learn more about Nexans' businesses and gain further insight into how the company operates. In September 2010, the directors were also able to visit Nexans Morocco's Mohammedia and Casablanca sites. They received a detailed report on business activities, the aeronautical market, and the strategy pursued by Nexans Morocco.

2.3 Appraisal of the Board of Directors

An annual appraisal procedure has been set up since 2003 concerning the Board's operating procedures, composition and organization. This appraisal is carried out to assess the contribution and the involvement of directors, and to ensure that significant issues are properly prepared, dealt with and discussed at Board meetings.

This appraisal is carried out each year by way of a detailed questionnaire sent to each director. A summary of the individual assessments is drawn up by the Appointments and Compensation Committee and subsequently discussed by the Board.

Since 2003, two formal appraisals have been carried out with the assistance of two specialized consulting firms (Spencer Stuart in 2006 and Egon Zehnder in 2009).

The report on the appraisal carried out by Egon Zehnder for 2009 was presented to the Board of Directors on February 9, 2010. This report showed that overall the directors were satisfied with the Board's work and the relevance of the topics addressed. The areas for improvement identified involve the process for taking on and preparing new directors, strengthening relations between the directors and the Chairman and members of the Management Committee, monitoring succession plans for members of the Management Committee and strengthening the monitoring of the Group's performance.

The Board of Directors launched the appraisal for 2010 on November 24, 2010. It was carried out based on a questionnaire that was sent to the directors. The results of this self-assessment were discussed by the Appointments and Compensation Committee, and then by the Board of Directors at its meeting held on January 14, 2011. While the appraisal showed that the directors are satisfied overall, two areas for improvement were identified: (i) bringing more women onto the Board and making it more international, and (ii) enhancing the information provided to the Board regarding growth prospects – comparative strategy of the Group and identifying potential opportunities for external growth in particular. The directors also expressed an interest in getting to know members of the management team better.

2.4 Compliance with the AFEP-MEDEF Code of Corporate Governance

In accordance with paragraph 7 of Article L.225-37 of the French Commercial Code, it is specified that Nexans applies the recommendations of the AFEP-MEDEF Corporate Governance Code, with the exception of the following recommendation:

- Staggering the terms of office of directors (section 12 of the AFEP-MEDEF Corporate Governance Code). Some of the terms of office of Nexans' directors are staggered. Nevertheless, seven of the current thirteen terms are due to expire at the Annual Shareholders' Meeting to be called in 2011 to approve the financial statements for the year ending December 31, 2010.

3. The Board Committees

The Accounts and Audit Committee and the Appointments and Compensation Committee were set up in July 2001. The rules relating to these Committees' membership structure, roles and responsibilities, and operating procedures are set out in the Board of Directors' Internal Regulations.

3.1 The Accounts and Audit Committee

The Accounts and Audit Committee comprises three members, all non-executive directors, whose terms of office expire at the Annual Shareholders' Meeting to be called in 2011 to approve the financial statements for the year ending December 31, 2010:

Georges Chodron de Courcel	Chairman	Not independent
Jérôme Gallot	Member	Independent
Jacques Garaïalde⁽¹⁾	Member	Independent

The members of the Accounts and Audit Committee are selected based on their financial or accounting expertise.

In accordance with paragraph 2 of Article L.823-19 of the French Commercial Code, it is specified that all three members of the Committee are particularly specialized in finance and accounting: Georges Chodron de Courcel, in his capacity as Chief Operating Officer of BNP Paribas; Jérôme Gallot, in view of his career as an Auditor at the Cour des Comptes as well as the diverse financial positions he has held within the French Finance and Budget Ministry and his current duties as Chairman of CDC Entreprises, which forms part of the Caisse des Dépôts et Consignations group; and Jacques Garaïalde in view of his career with the Boston Consulting Group, his responsibilities within the Carlyle Group and his current duties as Managing Director of Kohlberg Kravis Roberts & Co.

(1) Jacques Garaïalde was appointed as a member of the Accounts and Audit Committee at the Board Meeting held on January 13, 2010, to replace Jean-Louis Gerondeau who passed away at the end of 2009.

Furthermore, two of the Accounts and Audit Committee members are independent in line with the criteria set out in the AFEP-MEDEF Corporate Governance Code, incorporated in the Internal Regulations of Nexans' Board of Directors.

The Accounts and Audit Committee reports to the Board of Directors. Its overall role is to assist the Board on matters relating to preparing and controlling financial and accounting information.

For the implementation of the missions of the Accounts and Audit Committee, the Company applies the recommendations of the Report of the Working Group on Audit Committees published by the French financial markets authority (AMF) on July 22, 2010.

In accordance with law and the Board of Directors' Internal Regulations, the main roles and responsibilities of the Accounts and Audit Committee are as follows:

- It examines the accounts and ensures the relevance and continuous application of the accounting methods used by the Company for its corporate and consolidated accounts.
- It monitors the process of preparing the financial information, the effectiveness of internal control and risk management systems and the independence of external auditors.

The Committee also:

- oversees the scope of consolidated companies, internal procedures for identifying off-balance sheet commitments and risks, the work conducted by the Internal Audit Department, and the selection of the Statutory Auditors,
- defines the rules for using the auditors' networks for non-audit related engagements, and
- may carry out specific studies, for which purpose it can contact the Company's senior level managers and report its findings to the Board.

In the course of its work, the Accounts and Audit Committee may request to meet with any member of the Finance Department and the Statutory Auditors, including without the presence of the Company's Executive Management. The Committee can also seek the advice of external specialists.

The Accounts and Audit Committee met three times in 2010, with an overall attendance rate of 100%. The meetings were also attended by the Chief Financial Officer, the Head of Internal Audit and Nexans' Statutory Auditors.

The number of meetings attended by each member of the Accounts and Audit Committee in 2010 was as follows:

Director	Number of meetings attended
Georges Chodron de Courcel	3
Jérôme Gallot	3
Jacques Garaïalde	3

In 2010, the Committee discussed the following main issues:

Financial information	- Detailed presentation of the annual and interim financial statements by the Finance Department, review of pending disputes and review of provisions - Presentation by the Statutory Auditors on their work - Presentation by the Head of Consolidation on pension obligations and their accounting treatment - Recognition in the financial statements of the receivables securitization program - Recognition in the financial statements of the Act 2010 employee share ownership plan
Internal audit and risk management	- Presentation by the Head of Internal Audit of the interim and annual status report on the 2009-2010 internal audit plan, follow-up on the measures taken, submission of the 2010-2011 internal audit plan for approval - Monitoring the implementation of the Competition Compliance Program and review of the Action Plan for 2010-2011 - Presentation by the Head of Internal Audit of the draft report on the operating procedures of the audit committees, prepared by a working group under the aegis of the AMF - Presentation by the Head of the Group Risk Management Department on the procedures put in place for risk management, the process for identifying risk and the risk management systems (including, in particular, implementing the new Group GMP10 procedure as of June 2010)
Other	- Information from the General Counsel/Corporate Secretary on the evolution on the competition investigation opened in January 2009

3.2 The Appointments and Compensation Committee

The Appointments and Compensation Committee comprises the following three members, who are all non-executive directors:

Jérôme Gallot	Chairman	Independent
Gianpaolo Caccini	Member	Independent
François Polge de Combret	Member	Not independent

The responsibilities of the Appointments and Compensation Committee are as follows:

- It proposes candidates to the Board of Directors for the appointment of new Board members and corporate officers, for cooptation or proposal to the Shareholders at the Annual Shareholders' Meeting, together with a review and selection procedure prior to making contacts and succession plans for corporate officers.
- It examines the qualification of independent of each Board member subject to the Board of Directors final decision.
- It formulates a proposal to submit for the Board's decision regarding the fixed and variable portions of compensation for executive directors based on the rules of determination that it defines, ensuring the consistency of these rules with the annual performance appraisal of the Company's senior-level managers and medium-term strategy and market practices.
- It defines the policy concerning stock option plans (the frequency, persons concerned and amount), which it proposes to the Board of Directors, and gives its opinion to the Board on plans proposed by Management.

During 2010 the Appointments and Compensation Committee met four times with an attendance rate of 100% at all of the meetings.

The number of meetings attended by each member of the Appointments and Compensation Committee in 2010 was as follows:

Director	Number of meetings attended
Jérôme Gallot	4
Gianpaolo Caccini	4
François Polge de Combret	4

During the year the Committee particularly focused on the following matters:

Directors	- Proposing the nomination of Véronique Guillot-Pelpel to the Board and reviewing her independence - Renewing the terms of office of directors expiring (G. Hauser and F. Polge de Combret) - Reviewing the proposals from the Company for the renewal of terms of office of directors expiring in 2011, - Assessing the independence of directors
Compensation	- Variable portion of Frédéric Vincent's compensation payable for 2009 in his capacity as Chief Operating Officer and as Chairman and CEO - Examining the calculation methods used (Group and individual performance objectives) for the variable portion of the compensation payable to the Chairman and CEO for 2010 - 2010 compensation for Frédéric Vincent as Chairman and CEO - Long-term compensation policy for Group senior managers
Other	- Acknowledgment of achievement of the performance conditions for vesting of the first quarter of the stock options granted under Stock Option Plan No. 8 - Adopting Stock Option Plan No. 9 - 2011 objectives for the long-term incentive plan (LTIP) linked to Stock Option Plan No. 9 - Conditions for the Act 2010 employee share ownership plan - Succession plans for key senior managers

4. Management structure

In accordance with Article L.225-25-1 of the French Commercial Code, at its April 3, 2009 meeting the Board of Directors decided to appoint Frédéric Vincent as Chairman of the Board and Chief Executive Officer of Nexans SA.

The Company adopted this management approach of combining the functions of Chairman and CEO when it was first floated in 2001, as it is a structure suited to the Company's operating and organizational procedures and its effectiveness has been demonstrated. The combination of functions enables Nexans to maintain a direct link between strategy and operations in a highly competitive and fast-changing environment, and to optimize the decision-making process. At the same time, thanks to (i) the Board's Internal Regulations (which have been updated in line with the AFEP-MEDEF Code) and (ii) the fact that the majority of Nexans' directors and Board Committee members are independent, the Company has put in place the necessary guarantees to ensure that its management structure complies with good corporate governance practices.

No restrictions have been placed on the powers of the Chairman and CEO by either the Board or the Company's bylaws. Consequently, the only applicable restrictions are those set down by law and those relating to transactions or decisions that require the prior approval of the Board as provided for in the Board's Internal Regulations (such as mergers, acquisitions or financing proposals representing a unit value of over 50 million euros).

5. Shareholders' Meetings

Shareholders of Nexans are called to General Meetings and vote in accordance with the applicable legal provisions and the Company's bylaws.

Information on General Shareholders' Meetings and the procedures for exercising voting rights is provided in Articles 20 and 21 of Nexans' bylaws, which can be viewed on Nexans' website (www.nexans.com, Corporate Governance section).

6. Compensation and benefits paid to corporate officers

Nexans' corporate officers are the thirteen members of the Board of Directors at December 31, 2010. Frédéric Vincent, as Chairman and CEO, is Nexans' sole executive corporate officer.

The principles and rules approved by the Board of Directors for determining the compensation and benefits payable to the Company's corporate officers are described in section 7.3 (Compensation of directors) and section 7.4 (Compensation and benefits of the Chairman and CEO) of the 2010 Management Report. The Board's Internal Regulations contain an appendix on Nexans' policy concerning the compensation of executive corporate officers based on the recommendations set out in the AFEP-MEDEF Corporate Governance Code.

Details on the compensation of the Chairman and CEO and the termination benefits that could be payable in the event of a loss of office, as decided by the Board in 2010, are published on the Company's website, in accordance with the applicable legal requirements, the recommendations of the AFEP-MEDEF Corporate Governance Code and the Board of Directors' Internal Regulations.

II. Internal control procedures implemented at Nexans

This part of the report was drawn up in conjunction with members of the Internal Audit, Finance and Group Risk Management Departments.

1. Definitions, scope, objectives and limitations of internal control

Within Nexans, internal control consists of implementing a set of rules and procedures throughout the Group with a view to obtaining reasonable assurance that its assets are safeguarded and its commitments are appropriate, and that its objectives comply both with the laws and regulations in force and the strategic guidelines and goals set by management.

Nexans takes a pragmatic approach to internal control, and has set up procedures in consideration of the specific aspects of the Group's businesses and operations and the risks identified. Internal control is designed by Nexans to be adapted to the management of its potential risks.

All internal control procedures applied within the Group, irrespective of whether they relate to financial information, are drawn up by the parent Company. They are then implemented in each country and within each entity, and reports are regularly sent to the relevant corporate department, which monitors and controls the procedures.

However, no system of internal control can provide absolute assurance that risks of errors and fraud have been completely eliminated or brought under control.

2. Internal control reference framework used by Nexans

Following the January 2007 publication of the Reference Framework for Internal Control by the French financial markets authority (AMF), Nexans began working on a project to ensure progressive compliance of its procedures with the AMF's recommendations. In 2008, the Group's accounting and internal control manual was substantially revised and updated in order to factor in the recommendations contained in the AMF's Reference Framework. The new manual was put on-line on the Group's intranet in late 2008 and was therefore fully applicable as of 2009.

In addition, in April 2009 the Internal Audit Department issued a manual setting out the main internal controls to be implemented within the Group's entities in order to ensure compliance with the AMF's Reference Framework.

Following the publication of the AMF's new Reference Framework for Internal Control in July 2010, the internal control manual described above is now being updated for operational implementation planned for 2011, particularly to include the internal control elements set out in the new AMF Reference Framework on the management of financial and accounting risks and of IT risks.

3. General organization and description of the internal control procedures implemented

Nexans implemented an internal control structure that provides for a clear definition of responsibilities, with adequate resources and skills and supported by appropriate procedures and systems.

3.1 Participants and structures in place: Group organization

In April 2009, Frédéric Vincent was appointed Chairman and CEO with effect from May 26, 2009. The Company decided to continue with its strategic policy of combining the functions of Chairman of the Board of Directors and Chief Executive Officer in order to maintain a highly responsive decision-making process.

The organization for the Group's management implemented in June 2009 was maintained in 2010.

A **Management Committee** was set up, tasked with managing the Group and defining and directing its corporate strategy. More specifically, this Committee's roles and responsibilities include:

- Drawing up the Group's manufacturing strategy, market segment sales strategies and business development policy, and ensuring that these are correctly implemented.
- Overseeing the Group's various geographic areas.

The Management Committee is chaired by Frédéric Vincent and comprises three other members who are all Senior Corporate Executive Vice Presidents, to whom the units that formerly made up the Strategic Operations Department now report. These three members are as follows:

- The Chief Financial Officer, Senior Corporate Executive Vice President, to whom the Purchasing, Information Systems, Finance and Audit Departments report. In accordance with good corporate governance practices the Audit Department also has a dotted-line reporting relationship with the Chairman and CEO.
- The Senior Corporate Executive Vice President in charge of defining and implementing commercial and innovation policies. In this role he oversees the Industry, Infrastructure, and Building Markets Department, as well as the Key Accounts Managers Department and the Technical Department. He is also responsible for the MERA, Asia-Pacific, North America and South America Areas.
- The Senior Corporate Executive Vice President in charge of defining and implementing industrial policies, to whom the Industrial Management and Logistics Departments report. He is also responsible for the Europe Area.

The Communications, Human Resources and Legal Departments all report directly to the Chairman and CEO. Nexans' General Counsel has been appointed Corporate Secretary since 2009 in order to better reflect the scope of his responsibilities, particularly concerning risk management and corporate governance, which are currently of critical importance.

The role of the **Executive Committee**, which is also chaired by Frédéric Vincent, is to reflect on, debate and discuss the challenges facing the Group. Its members comprise:

- The members of the Management Committee.
- The Area Executive Vice Presidents.
- The Heads of the Departments that report directly to the Chairman.

The Group has also set up a number of additional committees, including:

- A **"Sales, Marketing and Innovation"** Committee which is chaired by one of the Senior Corporate Executive Vice Presidents. This committee acts as a working group entrusted with defining and monitoring the implementation of the Group's product, sales and innovation strategies. Its members comprise the Heads of the Area Sales and Marketing Departments, the Heads of the Industry, Infrastructure and Building Markets Department, the person in charge of managing and monitoring the work of the Key Account Managers, and the Heads of the Marketing Communication and the Technical Departments.
- An **"Industrial Committee,"** which is chaired by one of the Senior Corporate Executive Vice Presidents and acts as a working group tasked with defining the Group's industrial policy and overseeing its effective implementation. The members of this committee comprise the Industrial Director, the Logistics Director and other industry experts.
- A **"Mergers and Acquisition Committee,"** which is chaired by the Chairman and CEO.
- A **"Careers Committee,"** which is chaired by the Chairman and CEO and monitors the career paths of the Group's key senior managers.
- A **"Corporate Social Responsibility Committee (CSR Committee),"** which was created in 2009 and is chaired by the Chairman and CEO. Two specialized committees – the Governance & Social Affairs Committee and the Environment & Products Committee – provide support to the CSR Committee.

Management in each of the countries in which the Group operates is responsible for the operating results of its legal entities and manufacturing plants. Performance is primarily assessed by product line through a full financial reporting process carried out on a monthly basis. The data compiled is examined as part of "Business Review" meetings which are attended by members of the Management Committee.

Since June 2009, the Group's operating countries have been organized into **seven geographic areas** – Western Europe, Central Europe, Northern Europe, North America, South America, Asia-Pacific, and Middle East, Russia & Africa. There are also three business groups reporting to the Area Managers (Harnesses, Accessories and Optical) and two business groups which report to the Management Committee – the high-voltage terrestrial cables business group and the high-voltage submarine cables business group.

In addition, the Group's **corporate departments** contribute to the overall internal control process by providing the cross-business approach required in order for the Group to function effectively. These departments are as follows:

- The Industry, Infrastructure, and Building Markets Department: a specific organizational structure for each of the Industry, Infrastructure, and Building markets was created at the beginning of 2007 in order to more effectively coordinate Nexans' product offering.
- The Industrial Management Department, which assists the Group's geographic areas in industrial matters and oversees industrial strategy, capital expenditure budgets, and the Area and country-level Industrial Management Departments, which are responsible for the performance of Nexans' manufacturing plants. The Industrial Management Department is also very involved in managing Nexans' industrial equipment, managing and monitoring capital expenditure and industrial projects, and assessing any new manufacturing tools and processes. It proposes an industrial and environmental risk prevention policy to Group Management and is responsible for drafting the Group's environmental manual, which is validated by the Executive Committee. It also ensures that the manual's rules and procedures are applied, with the help of a specialized external service provider.
- The Technical Department, which oversees all the Group's research and development projects, in particular through its Competence Centers and the Research Center.
- The Information Systems Department, which is responsible for defining the Group's IT policy and overseeing its implementation. In view of the important role played by information systems in maintaining Nexans' competitive edge, a Group-level Steering Committee has been set up to assist the Executive Committee when deciding on the Group's information systems strategy and budgetary priorities.
- The Purchasing Department, which ensures that the materials, equipment and services required for the Group to function smoothly are supplied in a reliable and cost-effective way within the set timeframes, in order to satisfy customer needs and enhance customer service. Purchasing is a strategic function and the department plays a major role in optimizing costs, quality, technology and lead-times. The responsibilities of the Group's Purchasing Department encompass selecting suppliers as well as negotiating and drawing up contracts, and monitoring and assessing each supplier. These responsibilities are delegated to each Group country with a view to unlocking all potential synergies by drawing on the Group's size and

reach and working within a framework of cooperation and transparency. The Purchasing Department works in conjunction with all of Nexans' other departments and assists them in their efforts to achieve better performance at the best possible cost. It oversees the purchasing process for the Group as a whole and defines and verifies the implementation of Group purchasing methods and procedures designed to leverage costs, quality, timeframes, and technology.

- The Human Resources Department, which is in charge of defining and coordinating the Group's Human Resources policies, including establishing shared strategies, managing the careers of top international managers (recruitment, career development, succession plans), as well as organizing expatriation projects, international training programs and compensation packages for top managers. It handles relations with employee representatives at the European level, and is also tasked with coordinating the international network of Human Resources Directors.
- The Communications Department whose remit is to manage all of the Group's communications – encompassing sales, corporate, internal, press, and new media – in collaboration with the other corporate departments concerned.
- The Legal Department, together with the Group Risk Management Department and the Group Insurance Department, reports to the Corporate Secretary's Department. The Legal Department is responsible for monitoring the main legal issues within the Group and defining the Group's legal strategy and policy.
- The Group Finance Department (see section 3.3 below)

Lastly, the Board of Directors provides assistance in monitoring internal control, primarily through the work of the Committees and the Committee reports, as described below.

3.2 Participants and structures dedicated to internal control

a) The Accounts and Audit Committee

As a result of the powers conferred upon it by law, the Board of Directors and the Board's Internal Regulations (see section 3.1 of part I of this report relating to the Corporate Governance), the Accounts and Audit Committee is involved in monitoring the implementation of audit and internal control processes and risk management, exercising such control, and monitoring the procedures in place. Each year, the internal audit plan is submitted to the Accounts and Audit Committee for approval, and the Committee is given a presentation on the main conclusions every six months.

b) The Internal Audit Department

The Internal Audit Department was created on January 1, 2002, and in July 2005 was one of the first internal audit departments to be certified by the *Institut Français de l'Audit et du Contrôle Internes* (the French Audit and Internal Control Institute – IFACI). This certification was renewed by the IFACI in July 2010.

While reporting directly to the Finance Department, the Internal Audit Department also has a dotted-line reporting relationship with the Chairman and CEO. Its work is verified by the Accounts and Audit Committee.

The Internal Audit Department helps the Group to achieve its objectives by systematically and methodically assessing the suitability of risk management, control and corporate governance processes, as well as by monitoring these processes and making recommendations to strengthen their effectiveness.

The Group has set up an audit charter – approved by the Accounts and Audit Committee and signed by the Chairman and CEO – which sets out the responsibilities of the Internal Audit Department. The audit charter is available to the Group's employees on the Company's intranet.

The ongoing responsibilities of the Internal Audit Department, covering financial and administrative as well as operational matters, are to:

- identify, analyze, and assess risks;
- ensure that internal control processes are in place and are being applied;
- conduct internal financial audits;
- conduct operational audits in cooperation with the departments concerned;
- propose corrective measures and ways to implement them;
- identify and promote best practices.

To achieve these goals, the Internal Audit Department conducts audits to verify that the measures implemented are appropriate in relation to the Group's potential risks.

A four- to five-year audit plan has been drawn up based on a risk map whose underlying process is described in section 5.1 below and in strict cooperation with the Group Risk Management Department. This audit plan covers a broad spectrum of issues including:

- Cash management and foreign currency risks,
- Non-ferrous metal hedging risk,
- Purchasing processes,
- Inventory processes,
- Sales processes,
- Management of major turnkey projects,
- Corporate governance of entities: legal, insurance, health and safety, and environmental issues,
- Information systems,
- Human resources.

The Executive Committee and Accounts and Audit Committee review and update this audit plan annually.

After each audit is conducted, the Internal Audit Department issues a report containing recommendations which are subject to a formal and systematic monitoring procedure. Each report is sent to the Chairman and CEO, the Senior Corporate Executive Vice Presidents, the appropriate member(s) of the Executive Committee and the Head of the Group Risk Management Department, as well as the audited entity and the relevant corporate department managers.

In addition, the Internal Audit Department submits a report on its work twice a year to the Executive Committee and the Accounts and Audit Committee, and once a year to the Board of Directors.

During 2010, compliance audits were conducted in certain subsidiaries in France and abroad. A number of specific audit engagements were also carried out, notably in relation to monitoring and controlling major turnkey projects (high-voltage terrestrial and submarine projects), reviewing cross-functional projects (receivables securitization, etc.), implementing restructuring plans and overseeing capital expenditure in liaison with the Industrial Management Department.

The Internal Audit Department also organizes self-assessment procedures by drawing up questionnaires with the corporate departments concerned, which are sent to all of the Group's entities. These self-assessments provide an overview of the level of maturity of a particular process within the Group. Self-assessments performed recently covered issues such as corporate governance, internal control in the Group's smaller entities, rolling out the Group's Code of Ethics, rolling out the Competition Compliance Program, etc.

c) The Group Risk Management Department

The Group Risk Management Department reports to the Corporate Secretary/General Counsel, who in turn reports to the Chairman and CEO. It works in close collaboration with the Group Internal Audit Department.

The role of the Group Risk Management Department was expanded and specified in 2009. Consequently, in addition to being in charge of risk management in general and monitoring insurance coverage, it is now responsible for corporate social responsibility and sustainable development issues as well as for coordinating real estate sales.

The role of the Group Risk Management Department is to:

- put forward a strategy for managing operating, commercial, industrial, and financial risks by seeking the optimum balance between:
 - insurance coverage (see section 6.4 "Insurance" of the 2009 Management Report),
 - risk prevention and other measures, and
 - the acceptance of certain risks,

- propose and monitor the introduction of measures other than insurance for risk prevention and management purposes, including recommending and/or validating the appointment of risk managers within other corporate departments, a geographic area or certain countries or specific businesses that require dedicated resources, on a temporary or permanent basis, to develop risk management or ensure that it complies with the Group's directives,

- monitor changes in standards and practices, propose and coordinate progress plans relating to sustainable development, and monitor and improve the reliability of social and environmental indicators (i.e., sustainable development indicators) with the departments concerned (predominantly the Human Resources Department and the Industrial Management Department). A representative of the Group Risk Management Department acts as the secretary for the CSR Committee created in 2009.

In view of the broad scope of these responsibilities, close cooperation is required with the corporate departments, operating departments and the Group's legal entities, in order to define and implement financially viable solutions in line with the directives set at Group level.

The priority risk management measures are set each year by the Head of the Group Risk Management Department together with the Management Committee and the Area Executive Vice Presidents. These priorities are defined based on (i) a review of the risk map drawn up every two years at Group level by the Internal Audit Department, and (ii) the extent to which the Group's main risks are controlled. This level of control is assessed for each risk in an annual report that compiles the analyses performed by working groups set up by the departments concerned and the Group Risk Management Department for the purpose of examining particular risks.

As part of the effort to improve risk control, the Group Risk Management Department is in charge of rolling out the Group's risk mapping system at both country and business group level. It is also responsible for ensuring that the system is properly set up and effectively used in each country and business group.

The risk map enables resources to be more effectively allocated and measures properly planned in order to reduce the most critical risks that could impact Nexans' profitability.

3.3 Organization framework for preparing and processing published financial and accounting information

The Group Finance Department, includes seven corporate departments:

- the Management Control Department,
- the Accounting and Consolidation Department,
- the Treasury and Financing Department,
- the Non-Ferrous Metals Management Department,
- the Internal Audit Department,
- the Tax Department,
- the Financial Transactions Department (which includes the Mergers and Acquisitions Department and the Financial Communications Department).

All of these departments report to the Chief Financial Officer, who in turn reports to the Chairman and CEO.

In addition, the Finance Departments in each country report to the Country Manager and have a dotted-line reporting relationship with the Group Finance Department.

This structure ensures coordinated, consistent processing of financial information.

4. Internal information sharing

The Group has set up a monthly reporting system covering all the activities of the operating entities (including commercial, financial and accounting, industrial, environmental, and other information) that gives operating and corporate departments access to relevant and reliable information in a timely manner to allow them to perform their duties.

5. Systems designed to identify and analyze the main risks and ensure that risk management procedures are in place

5.1 Risk mapping

A Group risk mapping process is performed every two years by the Internal Audit Department. The aim of this process is to (i) identify risks and areas of risk including risks identified by Management and controls that Management feels need addressing, and (ii) evaluate the impact of these risks on the Group's financial position.

The risk map is used as a basis for preparing the Group's annual internal audit plan.

Risks were identified in 2009 through interviews with Executive Committee members, the Managers of the corporate departments, Product Line Managers and Country Managers. A new Group risk mapping process will be carried out in 2011.

These risks were appraised according to the frequency with which they are likely to occur and the gravity of the consequences should they actually occur. The results of the risk mapping process were presented to the Executive Committee, the Accounts and Audit Committee and the Board of Directors.

In 2010, the Group Risk Management Department strengthened the risk mapping process in two different areas:

- firstly, in relation to the major risks covered (see section 5.2 below); and
- secondly, by rolling out the risk mapping system to the Group's various operating countries, with significant involvement from local management.

5.2 Monitoring major risks

Workshops were organized once again in 2010, bringing together operational staff and members of the corporate departments to tackle the Group's main identified risks described in section 6 "Risk factors" of the 2010 Management Report, using the risk mapping process. The purpose of these workshops – which are coordinated by the Group Risk Management Department – is to propose solutions to remedy the risks or limit their impact.

A crisis management procedure has also been drawn up and a crisis simulation exercise was performed during 2010.

5.3 Committees set up to identify, analyze and monitor the main risks

The Disclosure Committee

This Committee comprises the Chief Financial Officer, General Counsel/Corporate Secretary, Head of Management Control and Head of Consolidation, as well as the Corporate and Securities Counsel, Head of Internal Audit, Head of Group Risk Management, Head of Tax and the Area Controllers.

The Committee's role is to identify the main risks – particularly in terms of contracts and disputes – to which the subsidiaries are exposed, assess their materiality, and ensure that they are duly reflected in the financial statements and/or disclosed in the Group's financial communications.

Its responsibilities include, in particular:

- identifying and assessing material non-financial information;
- drawing up a questionnaire to be sent to the subsidiaries to identify certain risks, and assessing the methods used to report such information;
- compiling significant information and notably any cases of fraud that may have occurred within the entities; and
- identifying and defining points that merit investigation by the internal audit team in order to assess and/or improve the reliability of the procedures in place and the information reported.

All bids in excess of 25 million euros are subject to a review of the commercial, legal, financial, and technical terms and conditions of the related contracts. This review is performed by the **Group Contractual Tender Committee**. This Committee is chaired by the Chairman and CEO and comprises the Senior Corporate Executive Vice President and Executive Vice President of the Area concerned, as well as the Head of Treasury, Area Controller, Corporate Secretary/General Counsel, Head of Group Risk Management, and the operating manager(s) appointed by the Executive Vice President for the Area concerned.

Bids for amounts between 5 and 25 million euros (which constitute the vast majority of bids) are also reviewed by this committee but without the attendance of the Chairman and CEO.

Any potential business acquisition or divestment projects, or possible strategic alliances or partnerships, are reviewed by Nexans' **Mergers and Acquisitions Committee**. This Committee is chaired by the Chairman and CEO and its other members are the Chief Financial Officer, Corporate Secretary/General Counsel, Head of Tax, Head of Financial Transactions, Head of Mergers and Acquisitions, and the Senior Corporate Executive Vice President and the Executive Vice Presidents of the Areas concerned.

The **CSR Committee – Corporate Social Responsibility (Sustainable Development)**, chaired by the Chairman and CEO and assisted by two specialized committees: the Governance & Social Affairs Committee and the Environment & Products Committee, monitors risks within its remit. In particular, the Environment & Products Committee – made up of two representatives from the Management Committee, and from the Industrial Management and Technical, Purchasing, Legal, Group Risk Management, and Marketing Departments – oversees a program aimed at continuously improving the environmental performance of the Group's production sites. (See section 9.1 of the 2009 Management Report for a description of the organization of Nexans' commitment to sustainable development and the role of the CSR Committee.)

Lastly, the Group has drawn up a crisis management procedure and created a specific crisis management unit.

6. Control activities

Control activities are based on a financial and accounting reporting system and a set of internal control procedures.

6.1 Preparation of financial and accounting information

Financial and accounting information is generated in consolidated form as follows:

All information is obtained from the accounting systems of the legal entities, whose accounts are kept according to local accounting principles and then restated in accordance with the accounting principles and methods applied by Nexans to prepare the consolidated financial statements, which are drawn up in accordance with IFRS pursuant to EC Regulation 1606/2002. The Group's entire financial and accounting reporting process is structured around the Hyperion System, which was replaced by a new version that was implemented throughout the consolidated subsidiaries on September 30, 2010.

The breakdown by business segment and product line is based on the legal entities' financial statements. These statements are prepared according to standard accounting principles defined in numerous procedures. In particular, to ensure the consistency of the information produced, Nexans has an accounting manual which is used by all Group units and defines each line in the operating income statement analyzed by function for the unit as a whole and for their product lines.

Based on the Group's Medium-term Plan (covering three years), which sets out the main strategic and financial policies, each unit establishes an annual budget by product line in the last quarter of every year. The budget is discussed by both local and area Management and is submitted to Nexans' Management Committee for final approval. The Group's budget is presented to the Board of Directors and is broken down into monthly figures.

Each month, the units prepare a report broken down by product line, the results of which are analyzed by Management as part of the business review. The figures are compared with the budget and with actual data for the previous year. The consolidated results by area and by product line are analyzed with the Group Management Committee at area meetings.

A consolidated accounts closing procedure is carried out on a quarterly basis and a specific procedure is applied at the year-end. This specific year-end procedure involves Balance Sheet Committee meetings which are attended by Country Managers and where key decisions are made relating to the year-end close.

Any off-balance sheet commitments are reviewed by the Consolidation Department based on information provided by the business units, the Treasury and Non-Ferrous Metals Management Department, and the Corporate Secretary's Department.

Lastly, the Group has set up a half-yearly procedure whereby the Chief Executive Officers and Chief Financial Officers of all Nexans' subsidiaries sign internal representation letters giving a written undertaking concerning the quality and completeness of the financial information reported to the parent company.

6.2 Main financial and accounting internal control procedures implemented by the Company

Over seventy procedures relating to financial and accounting information, and more generally the areas within the responsibility of the Finance Department, are currently applicable within the Nexans Group.

These procedures – which are an addition to the financial and accounting rules implemented by the Group – deal with sensitive issues or risk factors identified (described in the Management Report) that are specific to Nexans' business and could have an impact on its assets or earnings.

This is the case, for example, with the management of risks associated with exchange rates, interest rates, and the fluctuation of non-ferrous metal prices that are monitored by the Treasury and Non-Ferrous Metals Management Department, which reports regularly to the Group Finance Department.

The Internal Audit Department performs controls to ensure that internal control procedures are working properly and that they are complied with.

6.3 Specific procedures

Rules specific to the management of risks related to non-ferrous metals

In view of the importance of non-ferrous metals (copper, aluminum) to Nexans' various businesses and the risks associated with price fluctuations, Nexans has implemented a specific procedure for managing non-ferrous metals, which is overseen by a team reporting to the Group Finance Department.

In accordance with this procedure, each legal entity systematically hedges risks relating to metal prices and structure as soon as the risk arises. Hedging position limits are set which are reviewed regularly based on each unit's business trends, and the Internal Audit Department monitors that the limits are complied with.

Non-ferrous metal price risks are identified by the Group's operating subsidiaries. They are hedged through physical purchases and sales of metal inventory or transactions on commodities exchanges such as the London Metal Exchange (LME) and the New York Commodities Exchange (COMEX). Trades on these two exchanges are managed centrally for all subsidiaries by the Non-Ferrous Metals Management Department, except for those carried out by Olex in Australia and New Zealand, for practical reasons. The Group's Chinese subsidiaries also handle their own metals trades, conducted on the Shanghai Metal Exchange (SFHE), due to local legislative requirements.

Centralized cash management

Nexans has set up a centralized cash management system for its principal subsidiaries for the purpose of international cash pooling; centralizing banking commitments; and centralizing the management of foreign currency risk.

6.4 Information on other internal control procedures

There are approximately sixty such internal control procedures within the Group covering areas such as communications, purchasing, information systems, quality, intellectual property, insurance, human resources, legal, as well as the following areas:

- Ethics: in 2010 the Group updated its Nexans Code of Ethics and Business Conduct, which sets out the principles and rules of business ethics and conduct that all Group employees must comply with in the performance of their duties as part of the Group's Corporate Social Responsibility Program. It forms a part of the Corporate Social Responsibility program, the reinforcement of which led Nexans' Board of Directors to adhere to the United Nations Global Compact on November 25, 2008. The ethics awareness program was rolled out in 2010.
- Industrial and environmental issues: a charter is applied within the Group for managing industrial risks covering the protection of property, accident prevention, personal safety, security and environmental protection. More specifically, the purposes of this charter are to: identify and quantify the risks to which Nexans is exposed, define priorities and recommend prevention and control measures to reduce the frequency and magnitude of such risks, organize Nexans' insurance program accordingly, and organize crisis management plans.

The overall process is managed by the Industrial Management Department in liaison with the Finance Department, the Group Risk Management Department, and the Legal Department for insurance matters, with extensive interaction between the corporate departments and designated managers at various levels of the organization.

Nexans' environmental policies and procedures are described in the Board of Directors' Management Report.

7. Oversight of internal control

The Board of Directors is responsible for overseeing the internal control system, firstly through its Accounts and Audit Committee (see section 3.1 of part I “Corporate Governance” of this report and section 3.2 above: “Participants and structures dedicated to internal control”) whose role is to ensure that the procedures used are relevant and in line with the Group’s objectives.

In addition, the Management Committee carries out monthly reviews of the Group activity, including business indicators and a review of the main risks.

The Internal Audit Department also plays an oversight role through the assignments it performs and the reports it draws up, as well as by monitoring the implementation of recommendations issued.

February 11, 2011



Frédéric Vincent
Chairman and CEO

Statutory Auditors' report,

prepared in accordance with article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors (year ended December 31, 2010)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Nexans S.A., and in accordance with article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.

These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, April 1, 2011

KPMG Audit
Department of KPMG S.A.



Valérie Besson
Partner

PricewaterhouseCoopers Audit



Dominique Ménard
Partner

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Consolidated income statement

(in millions of euros)	Notes	2010	2009	2008 adjusted***
NET SALES	(1.g) & (3)	6,179	5,045	6,799
Metal price effect*		(1,870)	(1,019)	(2,023)
SALES AT CONSTANT METAL PRICES*	(1.g) & (3)	4,309	4,026	4,776
Cost of sales		(5,439)	(4,293)	(5,846)
Cost of sales at constant metal prices*		(3,569)	(3,274)	(3,823)
GROSS PROFIT		740	752	953
Administrative and selling expenses		(462)	(447)	(467)
R&D costs	(1.i)	(71)	(64)	(63)
OPERATING MARGIN*	(1.h) & (3)	207	241	423
Core exposure effect**	(1.i)	89	18	(165)
Net asset impairment	(1.n) & (7)	(43)	(21)	(19)
Changes in fair value of non-ferrous metal derivatives	(1.f)	(4)	16	(12)
Net gains on asset disposals	(6)	15	17	4
Acquisition-related costs	(1.f)	(2)	-	-
Restructuring costs	(23.b)	(67)	(119)	(22)
OPERATING INCOME		195	153	210
Cost of debt (gross)		(79)	(62)	(66)
Income from cash and cash equivalents		11	5	18
Other financial expenses	(5)	(16)	(45)	(31)
Share in net income (loss) of associates		(1)	(0)	(0)
INCOME BEFORE TAXES		110	51	131
Income taxes	(9)	(26)	(39)	(45)
NET INCOME FROM CONTINUING OPERATIONS		84	12	85
Net income from discontinued operations		3	3	3
NET INCOME		84	12	85
Attributable to owners of the parent		82	8	83
Attributable to non-controlling interests		2	4	2
ATTRIBUTABLE NET INCOME PER SHARE (in euros)	(1.cc) & (10)			
- basic earnings per share		2.92	0.29	3.21
- diluted earnings per share		2.84	0.29	3.12

* Performance indicators used to measure the Group's operating performance.

** Effect relating to the revaluation of Core exposure at its weighted average cost. In 2010, as in 2009, this line also included a 37 million euro negative impact arising from a sharp reduction in the volume of Core exposure due to a slowdown in business in 2009 as well as to the effect of the Group's intensified efforts to reduce working capital requirement (see **Note 1.i**). This effect was offset by a 37 million euro positive impact recorded in the operating margin in both 2009 and 2010.

*** Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

Consolidated statement of comprehensive income

(in millions of euros)	2010	2009	2008 adjusted*
NET INCOME FOR THE YEAR	84	12	85
Available-for-sale financial assets			
- Gains (losses) generated during the year (net of tax)	-	0	(2)
- Amounts recycled to the income statement (net of tax)	-	-	-
Currency translation differences			
- Gains (losses) generated during the year (net of tax)	178	132	(118)
- Amounts recycled to the income statement (net of tax)	1	-	-
Cash flow hedges			
- Gains (losses) generated during the year (net of tax)	78	194	(172)
- Amounts recycled to the income statement (net of tax)	(57)	(14)	(7)
Share of other comprehensive income of associates	-	-	-
Total other comprehensive income (expense)	200	312	(299)
Total comprehensive income (expense)	284	324	(213)
Attributable to owners of the parent	279	320	(217)
Attributable to non-controlling interests	5	4	4

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

Note 9.c provides a breakdown of the tax impacts on other comprehensive income.

Consolidated statement of financial position

Assets

at December 31, in millions of euros

	Notes	2010	2009	2008 adjusted*
Goodwill	(11)	378	335	308
Other intangible assets	(12)	193	189	174
Property, plant and equipment	(13)	1,170	1,117	1,040
Investments in associates	(14)	7	8	4
Other non-current financial assets	(15)	44	42	35
Deferred tax assets	(9.d)	82	57	92
Other non-current assets		23	2	4
NON-CURRENT ASSETS		1,897	1,750	1,657
Inventories and work in progress	(17)	1,059	803	922
Amounts due from customers on construction contracts	(16)	189	215	195
Trade receivables	(18)	1,126	955	1,110
Other current financial assets**	(19)	322	162	320
Current income tax receivables		18	15	26
Other current non-financial assets		106	97	84
Cash and cash equivalents	(20)	795	817	398
Assets and groups of assets held for sale	(8)	1	1	1
CURRENT ASSETS		3,616	3,065	3,056
TOTAL ASSETS		5,513	4,815	4,713

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

** Of which 150 million euros worth of short-term financial assets included in the calculation of consolidated net debt at December 31, 2010 (see **Note 24**).

Equity and liabilities

at December 31, in millions of euros

	Notes	2010	2009	2008 adjusted*
Capital stock		29	28	28
Additional paid-in capital		1,283	1,258	1,256
Retained earnings and other reserves		603	538	555
Other components of equity		249	52	(260)
Equity attributable to owners of the parent		2,164	1,876	1,579
Non-controlling interests		43	42	39
TOTAL EQUITY	(21)	2,207	1,918	1,618
Pension and other retirement benefit obligations	(22)	308	309	317
Other long-term employee benefit obligations	(22)	16	12	13
Long-term provisions	(23)	58	49	43
Convertible bonds	(24)	479	459	271
Other long-term debt	(24)	354	359	389
Deferred tax liabilities	(9.d)	130	109	70
NON-CURRENT LIABILITIES		1,345	1,297	1 103
Short-term provisions	(23)	92	120	65
Short-term debt	(24)	255	140	274
Liabilities related to construction contracts	(16)	202	174	111
Trade payables		1,077	845	908
Other current financial liabilities	(25)	97	96	376
Accrued payroll costs		179	168	160
Current income tax payables		27	28	43
Other current non-financial liabilities		32	29	54
Liabilities related to groups of assets held for sale	(8)	1	1	1
CURRENT LIABILITIES		1,961	1,601	1 992
TOTAL EQUITY AND LIABILITIES		5,513	4,815	4 713

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital
January 1, 2008	25,678,355	26	1,133
Net income for the year*	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income (expense)	-	-	-
Dividends paid	-	-	-
Capital increase (Madeco)	2,500,000	2	146
Employee stock option plans**:	-	-	-
- Service cost	-	-	-
- Proceeds from share issues	179,375	0	6
Changes in scope of consolidation (purchase of non-controlling interests)	-	-	-
Cancellation of treasury stock	(420,777)	(0)	(29)
Other	-	-	-
December 31, 2008*	27,936,953	28	1,256
Net income for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income (expense)	-	-	-
Dividends paid	-	-	-
Capital increases	-	-	-
Employee stock option plans:	-	-	-
- Service cost	-	-	-
- Proceeds from share issues	75,975	0	2
OCEANE equity component (4% - 01/2016)	-	-	-
Changes in scope of consolidation (sale of non-controlling interests)	-	-	-
Other	-	0	0
December 31, 2009	28,012,928	28	1,258
Net income for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income (expense)	-	-	-
Dividends paid	-	-	-
Capital increases	-	-	-
Employee stock option plans**:	-	-	-
- Service cost	-	-	-
- Proceeds from share issues	591,463	1	21
Transactions with owners not resulting in a change of control	-	-	-
Other	-	-	4
December 31, 2010	28,604,391	29	1,283

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

** Including shares issued under the Act 2008 and Act 2010 employee share ownership plans (see **Note 21**).

Treasury stock	Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
-	526	25	12	1,722	36	1,758
-	83	-	-	83	2	85
-	-	(180)	(120)	(300)	2	(299)
-	83	(180)	(120)	(217)	4	(213)
-	(51)	-	-	(51)	(1)	(52)
-	-	-	-	148	4	152
-	-	-	-	-	-	-
-	-	-	-	6	-	6
-	6	-	-	6	-	6
-	-	-	-	-	(4)	(4)
-	-	-	-	(29)	-	(29)
-	(8)	2	1	(6)	0	(6)
-	555	(153)	(107)	1,579	39	1,618
-	8	-	-	8	4	12
-	-	180	132	312	(0)	312
-	8	180	132	320	4	324
-	(56)	-	-	(56)	(4)	(59)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5	-	-	5	-	5
-	-	-	-	2	-	2
-	24	-	-	24	-	24
-	-	-	-	-	7	7
-	2	(1)	1	2	(4)	(2)
-	538	26	26	1,876	42	1,918
-	82	-	-	82	2	84
-	-	21	176	197	3	200
-	82	21	176	279	5	284
-	(28)	-	-	(28)	(1)	(29)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7	-	-	7	-	7
-	-	-	-	22	-	22
-	-	-	-	-	-	-
-	4	-	-	8	(3)	5
-	603	47	202	2,164	43	2,207

Consolidated statement of cash flows

(in millions of euros)	Notes	2010	2009	2008 adjusted ⁽¹⁾
Net income attributable to owners of the parent		82	8	83
Net income attributable to non-controlling interests		2	4	2
Depreciation, amortization and impairment of assets (including goodwill) ⁽⁵⁾		196	143	128
Cost of debt (gross)		79	62	66
Core exposure effect ⁽²⁾		(89)	(18)	165
Other restatements ⁽³⁾		(2)	59	6
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX⁽⁴⁾		268	258	451
Decrease (increase) in receivables		(75)	193	31
Decrease (increase) in inventories		(126)	186	176
Increase (decrease) in payables and accrued expenses		197	(118)	(59)
Income tax paid		(62)	(47)	(62)
Impairment of current assets and accrued contract costs		5	(11)	4
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		(61)	203	90
NET CASH GENERATED FROM OPERATING ACTIVITIES		207	461	541
Proceeds from disposals of property, plant and equipment and intangible assets		13	8	16
Capital expenditures		(129)	(164)	(172)
Decrease (increase) in loans granted		(157)	181	(187)
- of which margin calls on metal derivatives	(19)	(1)	140	(140)
Purchase of shares in consolidated companies, net of cash acquired	(2) & (11)	0	(2)	(311)
Proceeds from sale of shares in consolidated companies, net of cash transferred	(2) & (11)	19	0	19
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		(253)	23	(635)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		(46)	484	(94)
Proceeds from (repayment of) long-term borrowings	(24)	(2)	138	22
- of which proceeds from new borrowings		0	172	29
- of which repayments		(2)	(34)	(7)
Proceeds from (repayment of) short-term borrowings	(24)	43	(164)	14
Cash capital increases (reductions)		22	39	(23)
Interest paid		(38)	(45)	(54)
Transactions with owners not resulting in a change of control		-	9	-
Dividends paid		(32)	(57)	(52)
NET CASH USED IN FINANCING ACTIVITIES		(7)	(80)	(93)
Net effect of currency translation differences		26	18	(19)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(27)	422	(206)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		810	388	594
CASH AND CASH EQUIVALENTS AT YEAR-END		783	810	388
Of which cash and cash equivalents recorded under assets		795	817	398
Of which short-term bank loans and overdrafts recorded under liabilities		(12)	(7)	(10)

(1) Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see **Note 1.o**).

(3) Other restatements for 2010 primarily included (i) 26 million euros in relation to offsetting the Group's income tax charge, (ii) a negative 61 million euros to eliminate the net change in operating provisions (including restructuring provisions), and (iii) 24 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives. In 2009 this item mainly included 39 million euros in relation to offsetting the Group's income tax charge. In 2008, it essentially comprised (i) 45 million euros in relation to offsetting the Group's income tax charge and (ii) a negative 28 million euros to cancel the effect of changes in fair value of metal and foreign exchange derivatives.

(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows related to restructurings (68 million euros, 44 million euros and 24 million euros for 2010, 2009 and 2008 respectively), and deducting gross cost of debt and the current income tax paid over the period.

(5) Including the portion of restructuring costs corresponding to impairment of non-current assets.

Notes to the consolidated financial statements

Note 1. Summary of significant accounting policies

a) General principles

Nexans is a French joint stock corporation (*société anonyme*) governed by the laws and regulations applicable to commercial companies in France, notably the French Commercial Code (*Code de Commerce*). The Company was formed on January 7, 1994 (under the name Atalec) and its headquarters are at 8 rue du Général Foy, 75008 Paris, France.

Nexans is listed on the NYSE Euronext Paris market (Compartment A) and forms part of the SBF 120 index.

The consolidated financial statements are presented in euros rounded to the nearest million. They were approved by the Board of Directors on February 11, 2011 and will become final upon approval by the Annual Shareholders' Meeting, which will take place on May 31, 2011 on first call.

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. Except where otherwise indicated, these policies have been applied consistently to all the financial years presented.

• Basis of preparation

The consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and as issued by the IASB. The standards adopted by the European Union can be viewed on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The historical cost convention has been applied except for (i) derivatives; (ii) available-for-sale financial assets; and (iii) financial assets included in the calculation of net debt, which are measured at fair value.

• The following new standards, interpretations and amendments to existing standards were mandatory for the first time in 2010

- **IAS 27** Consolidated and Separate Financial Statements (2008) and IFRS 3, Business Combinations (2008). These two

revised standards introduced the following main amendments concerning acquisitions of controlling interests, which are applicable prospectively to business combinations occurring after January 1, 2010:

- All acquisition-related costs are now expensed except for costs incurred to issue debt or equity securities.
- Any contingent consideration is recognized at its acquisition-date fair value.
- Entities may choose on an acquisition-by-acquisition basis to measure the non-controlling interest in an acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- In a business combination achieved in stages the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value.

The revised versions of these two standards also introduce amendments to the accounting treatment applicable to changes in a parent's ownership interest in a subsidiary that do not result in a change of control. These now have to be accounted for as transactions with owners acting in their capacity as owners, which directly impact equity but do not affect goodwill or income.

As there were no significant changes in the Group's scope of consolidation in 2010, the impact of these two revised standards on the consolidated financial statements was not material. It mainly concerned the presentation of transactions with minority shareholders carried out since 2009 (reclassifications within the consolidated statement of cash flows and the consolidated statement of changes in equity).

Likewise, application of the consecutive amended versions of other standards (notably **IAS 12**, Income Taxes, **IAS 16**, Property, Plant and Equipment and **IAS 21**, the Effects of Changes in Foreign Exchange Rates), did not have any impact on the consolidated financial statements for 2010.

In accordance with the AMF's (Autorité des Marchés Financiers, the French stock market regulator) recommendation issued in November 2009, the accounting treatment for the put options granted to minority shareholders prior to January 1, 2010 has not been amended following application of the revised versions of IFRS 3 and IAS 27. These puts are therefore still recorded as financial liabilities with a corresponding adjustment to goodwill for the amount exceeding that of the non-controlling interests. Where appropriate, goodwill is adjusted each year to reflect the change in the exercise price of the options.

- **Amendment to IAS 39**, Financial Instruments: Recognition and Measurement – Eligible Hedged Items. According to this amendment (i) the time value of a purchased option cannot be a component of the hedged risk in an option-based hedge and (ii) the inflation component of a fixed-rate financial instrument cannot be designated as a hedged item. This amendment did not affect the 2010 consolidated financial statements.

- **IFRIC 18**, Transfers of Assets from Customers. This interpretation clarifies the accounting treatment to be applied by suppliers for assets they receive from customers for the purpose of connecting those customers to a network or providing them with ongoing access to a supply of goods or services. It also gives guidance on the recognition of revenue for services delivered in exchange for the transferred assets. IFRIC 18 did not have a material impact on the 2010 consolidated financial statements.

- **Improvements to IFRSs issued in April 2009** as part of the IASB's annual improvements project. The amendments included in these improvements to IFRSs cover twelve standards and interpretations and are applicable for annual periods beginning on or after July 1, 2009 at the earliest (depending on each specific amendment). None of the amendments had a material impact on the 2010 consolidated financial statements, particularly as Nexans does not have any land leases that could be classified as finance leases.

The following three amendments were early adopted by the Group in the year ended December 31, 2009 but did not have a material impact on the consolidated financial statements (see the 2009 consolidated financial statements):

- Amendment to **IFRS 8**, Operating Segments, relating to the reporting of segment assets.
- Amendment to **IAS 18**, Revenue, relating to determining whether an entity is acting as an agent or a principal.
- Amendment to **IAS 36**, Impairment of Assets, which states that each cash-generating unit or group of cash-generating units to which goodwill is allocated must not be larger than an operating segment before aggregation.
- Application of the following interpretations and amended standards was also mandatory in 2010 but they are not relevant to Nexans in view of the Group's operations and organizational structure:
 - Restructured version of **IFRS 1**, First-time Adoption of International Financial Reporting Standards.
 - **Amendment to IFRS 2**, Share-based Payment – Group Cash-settled Share-based Payment Transactions.
 - **IFRIC 15**, Agreements for the Construction of Real Estate.
 - **IFRIC 17**, Distributions of Non-cash Assets to Owners and the ensuing amendments to IAS 10 and IFRS 5.

• The following interpretations were early adopted by the Group in its financial statements for the year ended December 31, 2008:

- **IFRIC 12**, Service Concession Arrangements, which had no impact on Nexans' consolidated financial statements in view of the nature of the Group's operations.

- **IFRIC 16**, Hedges of a Net Investment in a Foreign Operation. In application of this interpretation – since the fourth quarter of 2008 – one hedging instrument held by a group entity other than the direct parent of the foreign subsidiary has been qualified as a hedge of a net investment in a foreign operation.

• Standards, interpretations and amendments to existing standards that are not yet effective but were early adopted by the Group in 2010:

- N/A

• Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The standards, interpretations and amendments set out below are not expected to have a material impact on the Group's financial statements.

The following could have been early adopted by the Group in 2010:

- **Amendments to IFRS 1**, First-time Adoption of International Financial Reporting Standards to reflect (i) the amendment entitled Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, and (ii) IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments. The effective date of these amendments, which have been endorsed by the European Union, is July 1, 2010.

- **Amendments to IFRS 7**, Disclosures – Transfers of Financial Assets. These amendments – which have not yet been endorsed by the European Union – are aimed at helping users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The Group is currently analyzing the impacts of these amendments, particularly in relation to its trade receivables securitization program, but they are not expected to be material. The effective date of these amendments is July 1, 2011.

The above-described amendment entitled Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters – whose effective date is July 1, 2010.

- **Amendments to IFRS 8**, Operating Segments, following the revised version of **IAS 24**. The effective date of these amendments, which have been endorsed by the European Union, is January 1, 2011.

- **Revised version of IAS 24**, Related Party Disclosures, which has been endorsed by the European Union and whose effective date is January 1, 2011.

- **Amendment to IAS 32**, Classification of Rights Issues, which has been endorsed by the European Union and whose effective date is February 1, 2010.
- **Amendments to IFRIC 14**, Prepayments of a Minimum Funding Requirement. The effective date of these amendments, which have been endorsed by the European Union, is January 1, 2011.
- **IFRIC 19**, Extinguishing Financial Liabilities with Equity Instruments, which has been endorsed by the European Union and whose effective date is July 1, 2010.

The following could not have been early adopted by the Group in 2010 and had not been endorsed by the European Union at the year-end:

- **Improvements to IFRSs issued in May 2010** as part of the IASB's annual improvements project. Only certain of the amendments introduced in these improvements could have been early adopted in 2010. According to the IASB, application of the amendments is mandatory for annual periods beginning on or after January 1, 2011.
- **Amendments to IFRS 1**, First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters. According to the IASB, application of these amendments is mandatory for annual periods beginning on or after July 1, 2011.
- **IFRS 9**, Financial Instruments, covering the classification and measurement of financial assets and liabilities. According to the IASB, application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2013.
- **Amendments to IAS 12**, Income Taxes – Deferred Tax: Recovery of Underlying Assets. According to the IASB, application of these amendments is mandatory for annual periods beginning on or after January 1, 2012. These amendments state that in specified circumstances, the measurement of deferred taxes should reflect a rebuttable presumption that the carrying amount of the underlying asset will be recovered entirely through sale.

• **Accounting estimates and judgments**

The preparation of consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions.

The main sources of uncertainty relating to estimates are expanded upon where necessary in the relevant notes and relate to the following items:

- The recoverable amount of certain items of property, plant and equipment, intangible assets and goodwill, and determining the groups of CGUs used for goodwill impairment testing (see **Note 1.k**, **Note 1.n** and **Note 7**).

- Deferred tax assets not recognized in prior periods relating to unused tax losses (see **Note 1.v** and **Note 9**).
- Margins to completion and percentage of completion on long-term contracts (see **Note 1.g** and **Note 16**).
- The measurement of pension liabilities and other employee benefits (see **Note 1.t** and **Note 22**).
- Provisions and contingent liabilities (see **Note 1.u**, **Note 23** and **Note 31**).
- The measurement of derivative instruments (see **Note 1.bb** and **Note 27**).

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Actual amounts may differ from these estimates. The impact of changes in accounting estimates is recognized in the period of the change if it only affects that period or over the period of the change and subsequent periods if they are also affected by the change.

The critical judgments made by Management in applying the Group's accounting policies notably relate to the classification of derivatives as cash flow hedges (see **Note 1.bb** and **Note 27**).

Following the implementation in second-quarter 2010 of a new rolling contract for a euro-denominated trade receivables sales program, Management also exercised its judgment on the derecognition of some of the sold receivables. The program comprises two distinct and separate parts, referred to as:

- "On Balance Sheet" (solely concerning Nexans France) whereby the related receivables are not derecognized (see **Note 18**, **Note 24** and **Note 26.a**); and
- "Off Balance Sheet" (concerning Nexans France and Nexans Deutschland GmbH), whereby the receivables are derecognized. Under the "Off Balance Sheet" program substantially all the risks and rewards of ownership of the sold receivables are transferred to the purchaser at the time of the sale in accordance with the derecognition criteria set out in IAS 39, Financial Instruments: Recognition and Measurement. In addition, the program does not involve any special purpose entity that would have to be consolidated in accordance with IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities. The amount of outstandings under the "Off Balance Sheet" program was contractually capped at 25 million euros by Nexans at December 31, 2010 (see **Note 26.a**).

b) Consolidation methods

The Nexans Group's financial statements include the financial statements of (i) Nexans SA, (ii) the subsidiaries over which Nexans exercises control, and (iii) associates accounted for by the equity method. The financial statements of subsidiaries and associates are prepared for the same period as those of the parent company. Adjustments are made to harmonize any differences in accounting policies that may exist. The Group does not currently have any joint ventures within the meaning of IAS 31.

Subsidiaries (companies controlled by Nexans) are fully consolidated from the date the Group takes over control through the date on which control is transferred outside the Group. Control is defined as the direct or indirect power to govern the financial and operating policies of a company in order to benefit from its activities.

Other companies over which the Group exercises significant influence, but which are not subsidiaries or joint ventures, are classified as **associates** and accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of a company without holding a controlling interest. It is presumed to exist when the Group's direct or indirect interest is over 20%. Investments in associates (including the related amount of goodwill) are initially recognized in the statement of financial position at cost and are subsequently adjusted for post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in value. The consolidated income statement includes the share in net income of associates for the period, as well as any remeasurement of the Group's previously held equity interests in an associate where significant influence over the associate is gained in stages.

The type of control or influence exercised by the Group is assessed on a case-by-case basis using the presumptions set out in IAS 27, 28 and 31. A list of the Group's main subsidiaries and associates is provided in **Note 33**.

Intra-group balances and transactions, including any intra-group profits, are eliminated in consolidation. Intra-group losses are also eliminated but may indicate that an impairment loss on the related asset should be recognized (see **Note 1.n**).

c) Translation of financial statements denominated in foreign currencies

The Group's financial statements are presented in euros. Consequently:

- The statements of financial position of foreign operations whose functional currency is not the euro are translated into euros at the year-end exchange rate.
- Income statement items of foreign operations are translated at the average annual exchange rate, which is considered as approximating the rate applicable to the underlying transactions.

The resulting exchange differences are included in other comprehensive income under "Currency translation differences" (see **Note 1.q**). Cash flow statement items are also translated at the average annual exchange rate.

The functional currency of an entity is the currency of the primary economic environment in which the entity operates and in the majority of cases corresponds to the local currency.

On the disposal of a foreign operation, the Group's share of the cumulative exchange differences relating to that foreign operation that were recognized in other comprehensive income under "Currency translation differences" is reclassified in full to the income statement when the gain or loss on the disposal is recognized. Any cumulative currency translation differences that were attributed to non-controlling interests are derecognized but are not reclassified to the income statement.

The same accounting treatment applies (even if the Group retains a residual interest in the entities concerned) in the following cases:

- loss of control – within the meaning of IAS 27 – of a subsidiary that includes a foreign operation;
- loss of significant influence – within the meaning of IAS 28 – over an associate that includes a foreign operation;
- loss of joint control – within the meaning of IAS 31 – over a jointly controlled entity that includes a foreign operation.

When the Group carries out a partial disposal of a subsidiary that includes a foreign operation, without changing the consolidation method, the portion of the cumulative amount of currency translation differences that was attributed to the sold interests is reclassified within the statement of comprehensive income from "Attributable to owners of the parent" to "Attributable to non-controlling interests". On the partial disposal of an associate or proportionately consolidated entity that includes a foreign operation, the portion of the cumulative amount of currency translation differences that was attributed to the sold interests is reclassified to the income statement.

For these types of partial disposal, the Group calculates the translation differences to be recorded in income using the direct method. This method consists of translating the financial statements of foreign subsidiaries or associates directly into the functional currency of the parent company.

Since January 1, 2006, no Group subsidiary has been located in a hyperinflationary economy within the meaning of IAS 29.

d) Translation of foreign currency transactions

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, foreign currency monetary items in the statement of financial position are translated at the year-end closing rate. Any exchange gains or losses arising on translation are recorded as financial income or expense except if they form part of the net investment in the foreign operation within the meaning of IAS 21, in which case they are recognized directly in other comprehensive income under "Currency translation differences" (see **Note 1.q**).

Foreign exchange derivatives are measured and recognized in accordance with the principles described in **Note 1.bb**.

e) Business combinations

Business combinations are accounted for using the acquisition method. Under IFRS 3, at the acquisition date, the acquirer is required to recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The following requirements apply, on a prospective basis, to business combinations taking place after January 1, 2010:

- For each business combination, any non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. However, this measurement choice is only possible for non-controlling interests that correspond to present ownership instruments that entitle their holders to a proportionate share of the acquiree's net assets. All other components of non-controlling interests must be measured at their acquisition-date fair values.
- On the first-time consolidation of a subsidiary, the assets, liabilities and contingent liabilities of the acquiree are measured at fair value in compliance with IFRS 3, apart from certain specific exceptions provided for in the standard such as income taxes, which are measured in accordance with IAS 12.

Goodwill (see **Note 1.k**), determined as of the acquisition date, corresponds to the excess of:

- The aggregate of (i) the consideration transferred, which is generally measured at acquisition-date fair value, (ii) the amount of any non-controlling interest in the acquiree, and (iii) for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- Over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

The Group has a period of 12 months from the acquisition date to complete the initial accounting for a business combination, during which any "measurement period adjustments" may be made. These adjustments are notably made to reflect information obtained subsequent to the acquisition date about facts and circumstances that existed at that date.

The consideration transferred in a business combination must be measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Any contingent consideration at the acquisition date is systematically included in the initial fair value measurement of the consideration transferred in exchange for the acquiree, based on probability tests. Any changes in the fair value of contingent consideration that the acquirer recognizes after the acquisition date and which do not correspond to measurement period adjustments as described above – such as meeting an earnings target different from initial expectations – are accounted for as follows:

- Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
- Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of IAS 39 is measured at fair value, with any resulting gain or loss recognized in financial income or expenses (notably the effect of unwinding the discount) or in other comprehensive income as appropriate.

Acquisition-related costs are the costs the acquirer incurs to effect a business combination. The Group accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services received, except for the costs to issue equity or debt securities which are recognized in equity or debt respectively in accordance with IAS 32 and IAS 39. Acquisition-related costs recognized as expenses for the period are included in operating margin (see **Note 1.h**) when they concern an acquisition which did not successfully complete, and are reported on a separate line in the income statement – "Acquisition-related costs" (see **Note 1.f**) – between operating margin and operating income when they concern acquisitions that have been completed or acquisitions whose probability of completion is almost certain at the period-end.

Acquisition-related costs concerning associates are included in the amount of the consideration transferred. The same accounting treatment is applied when the Group acquires a jointly controlled entity as the currently published IFRSs do not contain any specific guidance on this issue. However, this treatment may be changed if an interpretation or new standard is issued requiring application of a different approach.

f) Presentation of IFRS financial statements

The presentation methods have been consistently applied from one year to the next. The main points concerning the presentation of Nexans' IFRS financial statements are as follows:

- In accordance with the revised version of IAS 1, Presentation of Financial Statements, assets and liabilities in the statement of financial position are classified as current or non-current. Assets and liabilities related to the operating cycle and those that are expected to be recovered or settled within 12 months of the period-end are classified as current, and all other assets and liabilities are classified as non-current. In compliance with IAS 12, all deferred tax assets and liabilities are classified as non-current.
- Assets and liabilities, income and expenses, and cash inflows and outflows are not offset, except where permitted by the applicable accounting standards.
- The consolidated income statement is presented by function (rather than by nature of expenses). Total payroll is presented in **Note 4**. As depreciation and amortization of non-current assets are almost exclusively related to production activities the corresponding expenses are included in "Cost of sales".

The "Changes in fair value of non-ferrous metal derivatives" line was created in the income statement in compliance with IAS 32 and IAS 39 as of January 1, 2005, to separate out fair value adjustments relating to derivatives (forward purchases and sales of metals on organized markets, notably the LME) that do not qualify as cash flow hedges under IFRS (see **Note 1.bb**).

The "Acquisition-related costs" line was created in 2010 and includes the costs incurred by Nexans concerning the acquisition of a subsidiary, as described in **Note 1.e**.

The "Net gains on asset disposals" line includes gains and losses attributable to the parent company relating to subsidiaries the Group no longer controls, corresponding to the difference between:

- the fair value of the sale price plus, where applicable, (i) the gains and losses recognized in other comprehensive income that are attributable to the Group and recycled to the income statement, (ii) the fair value of any interest retained in the former subsidiary, and (iii) the carrying amount of the non-controlling interests in the former subsidiary (including gains and losses recognized in other comprehensive income that are attributable to non-controlling interests); and
- the consolidated carrying amount of the subsidiary on the date when exclusive control was lost.

This line also includes gains and losses on disposals or partial disposals of entities over which Nexans exercises significant influence or joint control (irrespective of whether the consolidation method is altered following the change in Nexans' ownership interest).

- Other items of comprehensive income are presented in a separate performance statement entitled "Consolidated Statement of Comprehensive Income", in accordance with the option provided in IAS 1. For Nexans, these items mainly include currency translation differences as well as gains and losses on cash flow hedges set up using foreign exchange derivatives or non-ferrous metal derivatives.
- In the consolidated statement of cash flows, cash flows from operating activities are presented using the indirect method, whereby net income attributable to owners of the parent is adjusted for the effects of transactions of a non-cash nature and for changes in working capital requirement.

Cash flows arising from transactions between owners of the parent that result in changes in ownership interest but without the Group losing control of a subsidiary are presented under cash flows from financing activities, as are the related costs. Cash flows from transactions that result in the Group gaining or losing control of a subsidiary are presented under cash flows from investing activities and the related costs are included in cash flows from operating activities. Cash flows from transactions relating to entities over which the Group exercises significant influence or joint control are presented under cash flows from investing activities, along with any related costs.

- The consolidated statement of changes in equity includes information on (i) the amounts of transactions with owners acting in their capacity as owners, (ii) the balance of retained earnings at the beginning and end of the period, and (iii) a reconciliation between the carrying amount of each class of contributed equity and each reserve at the beginning and end of the period.

g) Sales

• Net sales

Net sales (at current metal prices) represent sales of goods and services deriving from the Group's main activities, net of value added taxes (VAT).

In accordance with IAS 18, revenue is recognized when the risks and rewards of ownership of the goods are transferred to the buyer and the amount of the revenue can be reliably measured. Sales are measured at the fair value of the consideration received or due, which takes into account the financial impact of payment deferrals when they are significant.

• Sales (and cost of sales) at constant metal prices

On an operating level, the effects of fluctuations in metal prices are passed on in selling prices (see **Note 26.d**).

To neutralize the effect of fluctuations in non-ferrous metal prices and thus measure the underlying trend in its business, the Group also presents its sales figure based on a constant price for copper and aluminum (the cost of sales figure is adjusted in the same way). For 2010, 2009 and 2008 these reference prices have been set at 1,500 euros per metric ton for copper and 1,200 euros per metric ton for aluminum.

• Construction contracts

IAS 11 defines a construction contract as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. They essentially cover the Group's high-voltage cable and umbilical cable activities.

Sales and revenue from construction contracts are recognized on a percentage-of-completion basis. The percentage of completion is determined based on physical criteria as follows:

- For the production phases, depending on the type of contract concerned, the physical stage of completion is estimated based on either (i) the ratio between the number of hours spent on the contract and the total number of budgeted hours or (ii) the quantity of manufactured and tested drums compared with the total quantity of drums to be produced.
- For the installation phases, the physical stage of completion is generally based on an analysis – conducted in conjunction with the customer – of the work performed, by reference to clearly defined technical milestones such as transport, linear meters of laid cables, or network connection.

When it is probable that total costs will exceed total contract revenue, the expected loss is recognized immediately in cost of sales. Work in progress on construction contracts is stated at production cost, including borrowing costs directly attributable to the contracts, in accordance with IAS 23, *Borrowing Costs*, but excluding administrative and selling expenses. Changes in provisions for penalties are charged to sales.

For each construction contract, the amount of costs incurred plus profits recognized is compared to the sum of losses recognized and progress billings. If the balance obtained is positive, it is included in assets under "Amounts due from customers on construction contracts" and if it is negative it is recorded in liabilities under "Amounts due to customers on construction contracts" (see **Note 16**).

Down payments received for construction contracts before the corresponding work is performed are recorded as customer deposits and advances on the liabilities side of the statement of financial position. They are taken to "Amounts due from customers on construction contracts" and "Amounts due to customers on construction contracts" as the progress billings are made.

h) Operating margin

Operating margin measures the Group's operating performance and comprises gross profit (which includes indirect production costs), administrative and selling expenses and research and development costs (see **Note 1.i**).

Share-based payments (see **Note 1.s**), pension operating costs (see **Note 1.t**) and employee profit-sharing are allocated by function to the appropriate lines in the income statement based on cost accounting principles.

Operating margin is measured before the impact of (i) revaluing Core exposure (see **Note 1.i**); (ii) changes in fair value of non-ferrous metal derivatives; (iii) restructuring costs; (iv) gains and losses on asset disposals; (v) acquisition-related costs when they concern acquisitions that have been completed or whose probability of completion is almost certain; (vi) impairment losses recorded on property, plant and equipment or on goodwill following impairment tests; (vii) financial income and expense; (viii) income taxes; (ix) share in net income of associates; and (x) net income from discontinued operations.

i) Core exposure effect

The Core exposure effect corresponds to the change in the value of the Group's Core exposure during the period (see **Note 26.d**), as calculated by the weighted average cost method at each period-end based on the tonnage of Core exposure held by the Group at the reporting date. This impact results from the operating policies described in **Note 26.d** and is excluded from operating margin, in line with the Group's business model.

This item also includes the following, where appropriate:

- Provisions for impairment in value of the Group's Core exposure (see **Note 1.o**).
- The adjustments recognized between the level of operating margin and operating income to reflect any changes in volumes of Core exposure during the period (i.e., sales of Core exposure inventories). At the level of operating margin (which is a performance indicator), Core exposure is measured at close to its LIFO value, whereas at operating income level it is valued at weighted average cost (see **Note 1.o**) in accordance with IFRS. These adjustments are generally limited, as the tonnage of Core exposure is usually kept at a stable level from one period to the next, in accordance with the management principles described in **Note 26.d**.

j) Research and development costs

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Development costs are recognized as an intangible asset provided the following can be demonstrated:

- the technical and industrial feasibility of the project;
- Nexans' intention to complete the project and to use or market the ensuing products;
- the existence of a potential market (with adequate assurance in terms of volume and price) for the output of the product resulting from the project, or the product's internal usefulness;
- the availability of adequate resources required to complete the project;
- the ability to reliably measure the related costs.

Capitalized development costs are amortized over the estimated useful life of the project concerned, from the date the related product is made available.

Research and development costs to be rebilled to customers under the terms of construction contracts are included in "Amounts due from customers on construction contracts" and "Amounts due to customers on construction contracts".

k) Goodwill

In compliance with IFRS 3, *Business Combinations*, goodwill is not amortized; instead it is tested at least annually for impairment – in the last quarter of the year – and whenever there is an indication that it may be impaired.

In accordance with IAS 36, these impairment tests are carried out at the level of cash-generating units (CGUs) as determined by the Group, by comparing their recoverable amount with the book value of their capital employed (non-current assets and working capital requirement). The CGUs to which goodwill is allocated ("Goodwill CGUs") are determined based on the Group's legal entities but they also include certain cross-functional groupings within geographic areas or sub-segments which have integrated cash inflows. Each of the Group's Goodwill CGUs has a structure that is the same or larger than the Asset CGUs (see **Note 1.n**), and one Goodwill CGU may correspond to a group of Asset CGUs.

The impairment test methods used by the Group are described in **Note 1.n**. When the recoverable amount of a CGU or group of CGUs is lower than its carrying amount, an impairment loss is recorded in the income statement under "Net asset impairment". This impairment is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other non-current assets of the unit pro-rata to their carrying amount. In accordance with IFRIC 10, goodwill impairment losses recognized in a previous annual or interim period are not reversed.

After verifying the identification process of the assets and liabilities acquired in a business combination and their valuation, any negative goodwill is immediately recorded in the income statement.

When Nexans acquires an additional interest in a subsidiary, no remeasurement of the acquired assets and liabilities is required and any difference between the consideration paid and the carrying amount of the relevant non-controlling interest is recognized directly in equity attributable to the controlling interest. A symmetrical accounting process is applied when the Company reduces its ownership interest in a subsidiary without a loss of control.

When the Company acquires an additional interest in an entity over which it exercises significant influence it does not remeasure the interest it already holds in that entity and goodwill is recognized if the consideration paid exceeds the carrying amount of the interest acquired. These transactions do not therefore impact equity attributable to owners of the parent. The same accounting treatment is applied when the Company increases its ownership interest in a jointly controlled entity in view of the fact that the currently published IFRSs do not contain any specific guidance on this issue. However, this accounting treatment may be changed if an interpretation or new standard is issued requiring application of a different approach.

l) Put options given to minority shareholders

In compliance with IAS 32, put options given to minority shareholders in subsidiaries are recognized as financial liabilities at their discounted value. Apart from the derecognition of the corresponding non-controlling interests, the offsetting entries for these financial liabilities are as follows:

- For minority put options granted prior to January 1, 2010, in accordance with the recommendations of the Committee of European Securities Regulators (CESR), the Group opted to record in goodwill the difference between the discounted value of the exercise price of the options and the amount of non-controlling interests removed from equity. This goodwill is adjusted each year to reflect the change in the exercise price of the options and, in general, the amount of dividends paid (which are deemed to form an integral component of the purchase price).
- As IFRS does not provide clear guidance on the accounting treatment to apply for minority put options granted subsequent to January 1, 2010, the Group has elected to recognize the difference between the discounted value of the exercise price of the options and the amount of the non-controlling interests in equity attributable to owners of the parent. The impact of changes in the exercise price of the options is also recognized in equity attributable to owners of the parent.

m) Property, plant and equipment and intangible assets (excluding goodwill)

Property, plant and equipment and intangible assets are stated at cost less any accumulated depreciation or amortization and any accumulated impairment losses. When they are acquired under a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of property, plant and equipment and intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of tangible or intangible assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Intangible assets primarily correspond to the following:

- Trademarks, customer relationships and certain supply contracts acquired in business combinations. Except in rare cases, trademarks are deemed to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over the period during which the related economic benefits are expected to flow to the Group (between 10 and 25 years). Supply contracts can be deemed as having an indefinite useful life when they are automatically renewable and where there is evidence, notably based on past experience, indicating that the contractual rights will be renewed. Otherwise, their useful lives generally correspond to the term of the contract.

- The costs for acquired or developed software, usually intended for internal use, to the extent that its cost can be reliably measured and it is probable that it will generate future economic benefits. These assets are amortized by the straight-line method over their estimated useful lives (generally three years).

Items of property, plant and equipment are depreciated by the straight-line method based on the following estimated useful lives:

Industrial buildings and equipment:

- Buildings for industrial use	20 years
- Infrastructure and fixtures	10-20 years
- Equipment and machinery:	
- Heavy mechanical components:	30 years
- Medium mechanical components:	20 years
- Light mechanical components:	10 years
- Electrical and electronic components:	10 years
- Small equipment and tools:	3 years

Buildings for administrative and commercial use:

20-40 years

The depreciation method and periods are reviewed at each year-end where necessary. The residual value of the assets is taken into account in the depreciable amount when it is deemed significant. Replacement costs are capitalized to the extent that they satisfy the criteria in IAS 16.

Property, plant and equipment and intangible assets are derecognized when the risks and rewards incidental to ownership of the asset are transferred or when there is no future economic benefit expected from the asset's use or sale. Any gain or loss arising from the derecognition of an asset (difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement for the year the asset is derecognized (in the line "Net gains on asset disposals").

In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets when the construction of the assets commenced after January 1, 2009.

Assets acquired through leases that have the features of a financing arrangement are capitalized. Finance leases are not material for the Group. Leases under which a significant portion of the risks and rewards incidental to ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of benefits received from the lessor) are expensed on a straight-line basis over the term of the lease.

n) Impairment tests

At each period-end, the Group assesses whether there is an indication that an asset may be impaired. Impairment tests are also carried out whenever events or changes in the market environment indicate that property, plant and equipment or intangible assets (including goodwill), may have suffered impairment. An impairment loss is recognized where necessary for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Intangible assets with indefinite useful lives and goodwill (see **Note 1.k**) are tested for impairment at least once a year.

For operating assets that the Group intends to hold and use in its operations over the long term, the recoverable amount of a CGU corresponds to the higher of fair value less costs to sell (where determinable) and value in use. Where the Group has decided to sell particular operations, the carrying amount of the related assets is compared with their fair value less costs to sell. Where negotiations in relation to such a sale are in progress, fair value is determined based on the best estimate of the outcome of the negotiations at the reporting date.

Value in use is calculated on the basis of the future operating cash flows determined in the Group's budget process and strategic plan, which represent Management's best estimate of the economic conditions that will prevail during the remainder of the asset's useful life. The assumptions used are made on the basis of past experience and external sources of information, such as discount rates and non-ferrous metal future prices.

The Group has defined indications of impairment based on (i) general financial information (e.g., operating performance during the current year, comparisons between actual data and forecasts); and (ii) indicators specific to each business or segment concerned, such as changes in metal prices or the loss of significant contracts. These indications are based on both internal and external sources of information.

The Group applies the criteria set out in IAS 36 for asset impairment tests performed either (i) as part of the annual impairment testing process (for CGUs that include goodwill, intangible assets with indefinite useful lives and/or assets not yet available for use), or (ii) as a result of an indication that the CGU concerned may have suffered impairment. Based on these criteria:

- The Asset CGU chosen (see **Note 1.k** for Goodwill CGUs) is a product line or group of product lines that represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The structure of the Group's Asset CGUs is such that it can take into account the synergies between product lines within a single legal entity or country or within the same sub-segment of a business (such as high-voltage cables).
- The discount rate applied corresponds to the expected market rate of return for a similar investment, specific to each geographic area, regardless of the sources of financing. The discount rates used are post-tax rates applied to post-tax cash flows. The recoverable amounts determined using these post-tax rates are the same as those that would be obtained by using pre-tax rates applied to pre-tax cash flows.
- Five-year business plans are used, based on the Group's Budget and Strategic Plan, for the first three years, and an extrapolation is calculated in conjunction with local management for the last two years.
- The impact of changes in non-ferrous metal prices on future operating cash flows is taken into account, determined on the basis of five-year metal futures prices at the date of the impairment tests, and assuming that the current hedging policy will be continued.
- Operational cash flows beyond five years are extrapolated based on growth rates specific to each geographic area.

Impairment losses (net of reversals) are recorded in the income statement under "Net asset impairment".

o) Inventories and work in progress

Inventories and work in progress are stated at the lower of cost and net realizable value.

The costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase cost according to the weighted average cost (WAC) method.
- Finished goods and work in progress: cost of materials and direct labor and share of indirect production costs according to the WAC method.

In compliance with IAS 23, since January 1, 2009, qualifying inventories have included directly attributable borrowing costs.

Inventories include Core exposure, which represents the amounts required for the Group's plants to operate effectively. Its overall volume is generally kept stable and its levels are constantly replenished. However, the level of Core exposure may have to be adapted at times, particularly in the event of a significant contraction or expansion in business volumes or structural reorganizations within the Group. The impact of changes in value of this component of inventory is shown in a separate line of the income statement (see **Note 1.i** above) and is included as a component of cash flows from operations in the statement of cash flows.

Net realizable value of inventories is the estimated sale price in the ordinary course of business, less estimated completion costs and the costs necessary to carry out the sale. If the carrying amount of non-ferrous metal inventories is higher than their market value at the year-end, an impairment loss is only recognized when the products to which the assets are allocated have a negative production margin. As specified in **Note 1.i**, impairment losses on Core exposure are recorded in the income statement under "Core exposure effect" whereas those concerning other categories of inventories are recognized as part of operating margin.

p) Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Interest-free short-term operating receivables are recognized at nominal value as the impact of discounting is not material.

Impairment of trade receivables is recorded whenever there is an objective indication that the Group will not be able to collect the full amounts due under the conditions originally provided for at the time of the transaction. The following are indicators of impairment of a receivable: (i) major financial difficulties for the debtor; (ii) the probability that the debtor will undergo bankruptcy or a financial restructuring; and (iii) a payment default. The amount of the impairment loss recorded represents the difference between the carrying amount of the asset and the estimated value of future cash flows, discounted at the initial effective interest rate.

The carrying amount of the asset is written down and the amount of the loss is recognized in the income statement under "Administrative and selling expenses". Where a receivable is irrecoverable, it is derecognized and offset by the reversal of the corresponding impairment loss. When a previously derecognized receivable is recovered the amount is credited to "Administrative and selling expenses" in the income statement.

q) Equity

In addition to capital stock, consolidated equity mainly includes the following:

- "Additional paid-in capital", which corresponds to the excess paid by shareholders of the parent company over the par-value price of a stock issue.
- "Retained earnings and other reserves", mainly comprising (i) the non-distributed net income of the parent company, (ii) the Group's share in the retained earnings of fully-consolidated companies and companies accounted for by the equity method since their first-time consolidation date, (iii) the equity component of OCEANE bonds, and (iv) the impact of transactions between owners concerning Group subsidiaries carried out subsequent to January 1, 2010 and which do not result in a change of control (see **Note 1.k**).
- "Changes in fair value and other", which primarily includes changes in market value of (i) derivatives designated as cash flow hedges (see **Note 1.bb**), and (ii) available-for-sale financial assets (see **Note 1.x**).

- "Currency translation differences", used to record currency translation adjustments deriving from the translation of the financial statements of foreign subsidiaries (as from January 1, 2004, the date of the Group's first-time adoption of IFRS – see **Note 1.c**). This item also includes exchange gains and losses arising on receivables or payables that qualify as a net investment in a foreign operation within the meaning of IAS 21 (see Note 1.d), as well as changes in the fair value of derivatives that qualify as hedges of a net investment in a foreign operation (see **Note 1.bb**).

- Non-controlling interests.

The Group considers that this definition of equity corresponds to the notion of capital within the meaning of IAS 1. Without setting a particular limit, Nexans closely monitors its debt-to-equity ratio in order to ensure that (i) banking covenants are comfortably respected (see **Note 24.f**), and (ii) the Group has room to maneuver if it needs to raise new financing such as for an acquisition.

The costs directly attributable to the issue of new shares or options are recognized in equity as a deduction from the proceeds of the issue, net of tax.

Dividend payouts to Nexans' shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders.

r) Treasury shares

The purchase price of treasury shares is deducted from equity. Gains and losses on the sale of these shares do not affect the income statement.

s) Share-based payments

Stock options are granted to senior managers and certain other Group employees. These plans correspond to equity-settled share-based payment transactions and are based on the issue of new shares in the parent company (Nexans SA).

In accordance with IFRS 2, *Share-based Payment*, options are measured at fair value at the grant date (corresponding to the date on which the related plan is announced) mainly using the Black & Scholes option pricing model. Any changes in value after the grant date do not affect the recognized amounts.

The fair value of an option primarily depends on (i) market data at the grant date (share price and volatility, the risk-free interest rate and expected dividends), (ii) conditions other than vesting conditions (such as non-compete clauses), (iii) any applicable market performance conditions, and (iv) the option's expected life – an assumption that is determined by the Group taking into account various parameters including minimum holding periods prescribed by law. The fair value of vested stock options is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity recorded under "Retained earnings and other reserves".

The Group has also set up employee stock ownership plans that entitle employees to purchase shares at a discount to the market price. These plans are accounted for in accordance with IFRS 2 taking into consideration the valuation effect of the five-year lock-up period that generally applies.

t) Pensions, statutory retirement bonuses and other employee benefits

In accordance with the laws and practices of each country where Nexans operates, the Group provides pensions, early retirement benefits and statutory retirement bonuses.

For basic statutory plans and other defined contribution plans, expenses correspond to contributions made. No provision is recognized, as the Group has no payment obligation beyond the contributions due for each accounting period.

For defined benefit plans, provisions are determined as described below and recognized under "Pension and other retirement benefit obligations" in the statement of financial position (except for early retirement plans which are deemed to form an integral component of a restructuring plan, see **Note 1.u**):

- Provisions are calculated using the projected unit credit method, which sees each service period as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. These calculations take into account assumptions with respect to mortality, staff turnover, discounting, projection of future salaries and the return on plan assets.
- Plan assets are measured at fair value at the year-end and deducted from the Group's projected benefit obligation.
- Actuarial gains and losses – corresponding to experience adjustments and the effects of changes in actuarial assumptions – occurring since January 1, 2004 are not immediately recognized in the income statement, in application of the corridor method. Under this method, actuarial gains and losses that exceed 10% of the greater of the defined benefit obligation and the fair value of corresponding plan assets are amortized over the expected average remaining working lives of the participating employees.
- The Group analyzes the circumstances in which minimum funding requirements in respect of services already received may give rise to a liability at the year-end.

When the calculation of the benefit obligation results in an asset for the Group, the recognized amount (which is recorded under "Other non-current" assets in the consolidated statement of financial position) cannot exceed the total net amount of the following: (i) unrecognized cumulative net actuarial losses and unrecognized past service cost; and (ii) the present value of available refunds and reductions in future contributions to the plan, less the present value of any minimum funding requirements. In accordance with paragraph 58A of IAS 19 the Group ensures that the application of these principles does not result in a gain being recognized solely as a result of an actuarial loss or past service cost in the current period, or in a loss being recognized solely as a result of an actuarial gain in the current period.

Provisions for jubilee and other long-service benefits paid during the employees' service period are valued based on actuarial calculations comparable to the calculations used for pension benefit obligations, without any possibility of deferring the related actuarial gains and losses. They are included in the consolidated statement of financial position under "Other long-term employee benefit obligations".

The financial component of the annual expense for pensions and other employee benefits (interest cost after deducting any expected return on plan assets) is included in other financial expenses (see **Note 5**).

u) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of discounting is material, the provisions are determined by discounting expected future cash flows applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities concerned. The discounting impact is recognized in financial income and expenses and the effects of any rate fluctuations are recognized in the same account for which the provision was accrued.

A provision is set aside to fully cover restructuring costs when they relate to an obligation by the Group to another party resulting from a decision made at an appropriate managerial or supervisory level, backed by a detailed formal plan that has been announced before the year-end to the party or parties concerned. Such costs primarily correspond to severance payments, early retirement benefits (except where qualified as employee benefits, see **Note 1.t**), costs for unworked notice periods, training costs of employees whose employment contracts have been terminated, and other costs linked to the shutdown of facilities.

Asset retirements and impairment of inventories and other assets, as well as other cash outflows directly linked to restructuring measures but which do not meet the criteria for the recognition of a provision are also recorded under restructuring costs in the income statement.

v) Deferred taxes

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax basis of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12 a deferred tax asset or liability is not recognized for any temporary difference resulting from goodwill for which impairment is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (except in the case of finance leases).

Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, based on medium-term earnings forecasts for the company concerned. In addition, deferred tax assets are also recognized up to existing deferred tax liabilities. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see **Note 1.n**).

Deferred taxes are measured based on tax rates (and tax laws) that have been enacted or substantively enacted by the year-end. The rates applied reflect Management's intentions of how the underlying assets will be realized. All amounts resulting from changes to the tax rate are recorded in equity or in net income in the year in which the tax rate change is enacted or substantively enacted, based on the initial recognition method for the corresponding deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity is legally entitled to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

w) Assets held for sale

• Presentation in the consolidated statement of financial position

Non-current assets or groups of assets held for sale, as defined by IFRS 5, are presented on a separate line on the assets side of the statement of financial position. Liabilities related to groups of assets held for sale are shown on the liabilities side, also on a separate line. Non-current assets classified as held for sale cease to be depreciated from the date on which they fulfill the classification criteria for assets held for sale.

• Presentation in the income statement

A group of assets sold, held for sale or whose operations have been discontinued is a major component of the entity if:

- it represents a separate major line of business or geographic area of operations;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- it is a subsidiary acquired exclusively for resale.

Where a group of assets sold, held for sale or whose operations have been discontinued is a major component of the entity, it is classified as a discontinued operation and its income and expenses are presented on a separate line of the income statement (net income from discontinued operations) comprising the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognized on the measurement at fair value less costs to sell or on the disposal of assets or groups of assets held for sale constituting the discontinued operation.

When a group of assets previously presented as "held for sale" ceases to satisfy the criteria in IFRS 5, each related asset and liability component – and, where appropriate, income statement item – is reclassified in the appropriate items of the consolidated financial statements.

x) Financial assets

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the acquisition.

At subsequent reporting dates, measurement and recognition depend on the classification of the financial asset concerned:

- Cash and cash equivalents, as well as any financial assets included in the calculation of net debt and/or financial assets specifically designated as held for trading, are measured at fair value through profit or loss.

- Other investments – which primarily correspond to investments in non-consolidated entities – are classified as available-for-sale financial assets. At each period-end, the fair value of investments quoted in an organized financial market is determined by reference to the published market price. Changes in fair value are recorded in equity on a separate line called "Changes in fair value and other" (see **Note 1.q**) and are taken to the income statement upon disposal of the asset. Unlisted securities are stated at historical cost if their fair value cannot be determined reliably.
- Loans and receivables are carried at amortized cost using the effective interest method.

In the case of the last two categories, an impairment loss is recorded if there is an objective indication that the financial asset is impaired, such as a significant or prolonged decline in value. Any such impairment losses are irreversible for equity instruments classified as available-for-sale financial assets, and for unlisted shares in non-consolidated entities carried at cost.

y) Cash and cash equivalents

Cash and cash equivalents – whose changes are shown in the consolidated statement of cash flows – comprise the following:

- Cash and cash equivalents classified as assets in the statement of financial position, which include cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
- Bank overdrafts repayable on demand which form an integral part of the entity's cash management. In the statement of financial position, bank overdrafts are recorded as current financial liabilities.

z) Financial liabilities

Financial liabilities are initially recognized at fair value, corresponding to their issue price less transaction costs directly attributable to the acquisition or issue of the financial liability. If the liability is issued at a premium or discount, the premium or discount is amortized over the life of the liability using the effective interest method. The effective interest method calculates the interest rate that is necessary to discount the cash flows associated with the financial liability through maturity to the net carrying amount at initial recognition.

aa) Hybrid instruments – OCEANE convertible/exchangeable bonds

Under IAS 32, Financial Instruments: Presentation, if a financial instrument has both a liability and an equity component, the issuer must account for these components separately according to their nature.

This treatment applies to OCEANE bonds which are convertible into new shares and/or exchangeable for existing shares, with the conversion option meeting the definition of an equity instrument.

The liability component is measured on the issue date on the basis of contractual future cash flows discounted applying the market rate (taking into account the issuer's credit risk) for a similar instrument but which is not convertible/redeemable for shares.

The value of the conversion option is calculated as the difference between the issue price of the bonds and the value of the liability component. This amount is recognized under "Retained earnings and other reserves" in equity (see **Note 1.q**).

Following initial measurement of the liability and equity components, the liability component is measured at amortized cost. The interest expense relating to the liability is calculated using the effective interest method.

bb) Derivative instruments

• Foreign exchange hedges

The Group uses derivatives (mainly forward purchases and sales of foreign currencies) to hedge the risk of fluctuations in foreign currency exchange rates. These instruments are measured at fair value, calculated by reference to the forward exchange rates prevailing at the year-end for contracts with similar maturity profiles.

Cash flow hedges

When foreign exchange derivatives are used to hedge highly probable future transactions (forecast cash flows or firm orders) that have not yet been invoiced, and to the extent that they satisfy the conditions for cash flow hedge accounting, the change in the fair value of the derivative comprises two elements:

- The effective portion of the unrealized or realized gain or loss on the hedging instrument, which is recognized directly in equity under "Changes in fair value and other" (see **Note 1.q**). Any gains or losses previously recognized in equity are recycled to the income statement in the period in which the hedged firm commitment impacts income, for example when the forecast sale is invoiced. These gains or losses are included in operating margin when they relate to commercial transactions.
- The ineffective portion of the realized or unrealized gain or loss, which is recognized directly in the income statement as financial income or expense.

Only derivatives negotiated with external counterparties are deemed as eligible for hedge accounting.

Hedges of a net investment in a foreign operation

When foreign exchange derivatives are used to hedge a net investment in a foreign operation with a view to managing the risk of currency fluctuations between the foreign operation's functional currency and the functional currency of its direct or indirect parent, the change in fair value of the derivative comprises two elements:

- The effective portion of the unrealized or realized gain or loss on the hedging instrument, which is recognized directly in equity under "Currency translation differences" (see **Note 1.q**). Any gains or losses on the hedging instrument previously recognized in equity are recycled to the income statement in the period in which the foreign operation is divested (with the portion that was attributed to non-controlling interests derecognized but not reclassified to the income statement).

The same accounting treatment applies in the event of a loss of control, significant influence or joint control. If the Company reduces its ownership interest in a subsidiary without any loss of control, the gains and losses are simply reclassified from amounts attributable to owners of the parent to non-controlling interests within other comprehensive income. If the Company reduces its ownership interest in an entity over which it exercises significant influence or joint control, without changing the consolidation method, the gains and losses are recycled to the income statement only in proportion to the divested interest. Gains and losses recycled to the income statement are recorded under "Net gains on asset disposals".

- The ineffective portion of the realized or unrealized gain or loss, which is recognized in the income statement as financial income or expense.

Only derivatives negotiated with external counterparties are deemed as eligible for hedge accounting. These derivative instruments are not necessarily held by the entity which directly owns the foreign operation.

Derivatives that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly in the income statement as financial income or expense. These derivatives notably include instruments used as economic hedges that were never or are no longer designated as hedges for accounting purposes.

• Hedging of risks associated with fluctuations in non-ferrous metal prices

Forward purchases of non-ferrous metals used in the Group's operations and which require physical delivery of the metals concerned are not included within the scope of IAS 39 and are recognized at the time of delivery.

Nexans uses futures contracts negotiated primarily on the London Metal Exchange (LME) to reduce its exposure to fluctuations in prices of non-ferrous metals (copper, and, to a lesser extent, aluminum and lead). These contracts are settled net in cash and constitute derivative instruments falling within the scope of application of IAS 39.

Cash flow hedges

Due to the sharp volatility in non-ferrous metal prices over the past several years, the Group has taken measures to enable a large portion of these derivative instruments to be classified as cash flow hedges as defined in IAS 39. Since November 1, 2006, whenever these instruments (i) are used to hedge future transactions (mainly purchases of copper wires and cathodes) that are highly probable but not yet invoiced, and (ii) meet the requirements in IAS 39 for cash flow hedge accounting, they are accounted for similarly to the above-described foreign exchange hedges that qualify for cash flow hedge accounting as follows:

- The effective portion of the unrealized or realized gain or loss on the hedging instrument is recognized directly in equity under "Changes in fair value and other" (see **Note 1.q**). Any gains and losses previously recognized in equity are recycled to the income statement within operating margin in the period in which the hedged item (i.e., generally the purchases of copper wires or cathodes) affects income.
- The unrealized ineffective portion is recorded directly under "Changes in fair value of non-ferrous metal derivatives in the income statement" (see **Note 1.f**). The corresponding realized gain or loss is recorded within operating margin, which, in accordance with the Group's management model, must reflect all of the impacts arising in relation to non-ferrous metals.

The number of Group entities permitted to use hedge accounting was extended in 2008, meaning that the majority of the metal derivatives used by the Group have qualified as hedges since then.

Derivatives that do not qualify for hedge accounting

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly within operating income under "Changes in fair value of non-ferrous metal derivatives". Any realized gains or losses are recorded in operating margin when the derivatives expire.

cc) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. The average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted for the number of ordinary shares bought back or issued during the period. Treasury shares held by Nexans, which are deducted from equity, are not included in the number of shares outstanding.

Diluted earnings per share are calculated by dividing:

- net income attributable to owners of the parent, adjusted for the finance cost recognized in the period in respect of the Group's convertible bonds; by
- the weighted average number of shares outstanding during the period, as adjusted for the effects of all dilutive potential ordinary shares and excluding treasury shares which are deducted from equity. The Group's stock options and convertible bonds are deemed to be potentially dilutive ordinary shares.

For stock options, the diluted weighted average number of shares outstanding is calculated using the treasury stock method as provided for in IAS 33. Under this method the assumed proceeds from exercise of the rights attached to the dilutive instruments are regarded as having been used to repurchase ordinary shares at the average market price during the period. The number of shares thus obtained is then deducted from the total number of shares used for the diluted earnings per share calculation.

Note 2. Significant events of the year

a) Employee share ownership plan

On February 10, 2010 Nexans announced its intention to carry out another employee rights issue involving the issuance of a maximum of 500,000 shares. This plan proposed a "leveraged" structure, whereby employees are able to subscribe for the shares at a preferential discount price and at the same time are provided with a capital guarantee plus a multiple based on share performance. The shares are subject to a five-year lock-up period except in certain limited circumstances.

The offer period ran between May 21 and June 7, 2010 and was followed by a retraction period between July 12 and July 16, 2010. The offer price was set on July 9, 2010 at 40.51 euros (representing a 20% discount in relation to the average price of the Nexans share quoted during the 20 trading days preceding the pricing date). The settlement-delivery of the shares took place on August 5, 2010 and resulted in the issue of 482,467 new shares, representing an aggregate amount of 19.5 million euros.

In countries where the leveraged plan using a corporate mutual fund posed legal or tax issues, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SARs).

The 2.0 million euro expense incurred by this plan was recognized during the first half of 2010 and includes the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up a corporate mutual fund. In accordance with the recommendations of the French Accounting Board (CNC) the cost of the lock-up period was calculated using the financing rate applicable in the personal investment market, corresponding to 6.34%. If the cost of the lock up period had not been taken into account the expense recognized in relation to the employee share ownership plan would have been 4.9 million euros.

b) Changes in scope of consolidation

The only change in the scope of consolidation in **2010** was the sale of the Group's 60% stake in LIOA, one of Nexans' two joint ventures based in Vietnam. This sale generated a capital gain of 4.3 million euros, which was recognized in the income statement in the second half of the year under "Net gains on asset disposals", and had a 9.5 million euro positive impact on consolidated net debt.

In 2010, LIOA contributed 11.5 million euros to Nexans' consolidated sales (at current metal prices) and 0.4 million euros to operating margin.

The main changes in the scope of consolidation in **2009** were as follows:

- On March 3, 2009, Nexans announced that it had signed a final agreement with Polycab, India's leading cable company, for the creation of a joint venture to be majority-held by Nexans (50% + one share) and managed in close cooperation with its Indian partner. The company was subsequently fully consolidated in the financial statements of the Nexans Group.

In 2009, Polycab employed over 3,500 people and generated around 600 million US dollars in sales from 12 plants which manufacture cables for the energy and building sectors.

The joint venture, whose headquarters are based in Vadodara in the state of Gujarat, will cover the manufacturing and marketing of cables for the shipbuilding, materials handling, mining, railway rolling stock and wind power industries as well as the production of high-and medium-voltage terrestrial power cables.

Through this agreement, Nexans has teamed up with a high-quality partner to ensure the success of the Group's first industrial venture in the Indian market and spur its future development in a country where there are considerable growth opportunities to be tapped.

The new plant that will house the joint venture's operations will be built over a 24-month period, beginning when the requisite authorizations have been obtained from the various administrative authorities, and once the purchase of the related land has been completed (which had not taken place by December 31, 2010). The total amount of the investment is expected to represent just under 50 million euros. The new outfit is scheduled to start up operations during 2012 and should reach cruising speed by 2016 or 2017 (generating estimated sales of 80 million euros at current metal prices).

- On December 5, 2008 Nexans and Sumitomo Electric Industries Ltd. (SEI) announced a joint venture to provide optical fibers for european terrestrial telecommunication networks. The partnership covers all FTTx applications with a focus on Fiber-To-The-Home (FTTH) roll-outs.

The transaction was cleared by the european Commission competition authorities on January 16, 2009 and was completed on January 30, 2009. At that date, SEI acquired a 40% stake in Opticable at a cost of 9.8 million euros, with Nexans retaining the residual 60% interest. The gain on the transaction was not material for the Group as a whole. Opticable continues to be fully consolidated by Nexans.

In 2009 Opticable contributed 6.9 million euros to Nexans' consolidated sales (at current metal prices) and 2.7 million euros to operating margin.

The main changes in the scope of consolidation in **2008** were as follows:

- Following the signature of a definitive agreement on February 21, 2008, on September 30, 2008 Nexans acquired all of the cable operations of the Madeco group, the cable market leader in South America. Through this acquisition, Nexans has taken up a leading position in power cables in a high growth region. The purchase was financed through:
 - The issuance to Madeco of 2.5 million Nexans shares, with Madeco undertaking not to sell its shares until September 30, 2009 except for the purpose of intragroup reclassifications. In addition, Madeco agreed not to sell more than 50% of its shares until March 31, 2010 (except for intragroup reclassifications). From December 31, 2009, following intragroup reclassifications, Madeco directly held all of these 2.5 million Nexans shares.
 - The payment of a total amount of 393 million US dollars (excluding transaction costs), subject to final adjustments based on accounts dated September 30, 2008. Part of the amount was payable in cash and the remainder through assuming liabilities. On July 9, 2009, Madeco informed Nexans that it had decided to launch arbitration proceedings in order to set the amount of the final adjustments. On January 14, 2011, Madeco and Nexans reached an amicable settlement whereby the final downward adjustment to the purchase price was limited to 14.9 million US dollars. Based on the assumptions initially used by the Group to measure the cost of the acquisition, this settlement resulted in a 13.7 million US dollar increase in goodwill, recognized in the second half of 2010. Also on January 14, 2011, the Group purchased the remaining minority interest in its subsidiary Nexans Colombia, for 9.2 million US dollars, in accordance with the firm commitment it had given in 2008 (see **Note 11**).

Since the issuance of the above-mentioned 2.5 million Nexans shares, the Madeco group has held approximately 9% of Nexans' share capital. In accordance with the eighth resolution adopted at Nexans' Annual Shareholders' Meeting held on April 10, 2008, Guillermo Luksic, Chairman of Madeco, was appointed as a member of Nexans' Board of Directors for a four-year term, effective from September 30, 2008.

Nexans recorded 163 million euros in goodwill for this acquisition in its consolidated financial statements for the year ended December 31, 2008, before allocation to the fair-value assigned to the identifiable assets and liabilities.

In compliance with IFRS 3, the allocation of the purchase price to the fair values of the assets acquired and liabilities and contingent liabilities assumed was completed in the third quarter of 2009. At December 31, 2009, the residual goodwill recognized in relation to Madeco amounted to 120 million euros, taking into account a favorable currency impact since the acquisition date. The main assets to which fair values were allocated were (i) property, plant and equipment (particularly manufacturing equipment in Brazil), (ii) intangible assets (customer relationships and trademarks

in Peru and Brazil, and certain supply contracts), and (iii) the related deferred taxes. Adjusted financial statements have been prepared for 2008, to reflect the impacts of this purchase price allocation (see **Note 11**).

In 2009, Madeco's cables business contributed 437.0 million euros to Nexans' consolidated sales (at current metal prices) and 26.1 million euros to operating margin.

- On August 1, 2008, Nexans acquired the entire capital of the Italian company Intercond, a leading European manufacturer of special cables, mainly for industrial equipment including submarine operations.

Through this acquisition Nexans has strengthened its leadership position in the high-growth market of cables for industrial applications. Intercond was acquired based on an enterprise value of 87 million euros, and the transaction generated goodwill of 56 million euros at December 31, 2008, before allocation to identifiable assets and liabilities.

In compliance with IFRS 3, the allocation of the purchase price to the fair values of the assets acquired and liabilities and contingent liabilities assumed was completed in the third quarter of 2009. At December 31, 2009, the residual goodwill in relation to Intercond amounted to 25 million euros (before impairment – see **Note 7**). The main items to which the purchase price was allocated corresponded to (i) property, plant and equipment (manufacturing equipment, land and buildings), (ii) intangible assets (especially customer relationships), and (iii) the related deferred taxes. Adjusted financial statements were prepared for 2008, to reflect the impacts of this purchase price allocation (see **Note 11**).

In 2009, Intercond contributed 27.3 million euros to Nexans' consolidated sales (at current metal prices) and a negative 2.5 million euros to operating margin.

- When the Group released its financial statements for the year ended December 31, 2007, it disclosed that it had entered into negotiations with a third party to sell its copper telecom cables business in Spain. The sale was completed in late May 2008 to the UK-based group B3 Cable Solutions – one of Europe's leading copper cable manufacturers – based on an enterprise value of 19.5 million euros.

This business contributed sales of 61 million euros (at current metal prices) in 2007 and 29 million euros for the first five months of 2008. The sale did not have a material impact on the Group's operating margin for 2008. The 5.8 million euro loss arising on the transaction was recorded under "Net gains on asset disposals" in the consolidated income statement.

Note 3. Operating segments

The Group has identified three reportable segments within the meaning of IFRS 8:

- **Energy** – comprising power cables for energy infrastructures (low-, medium-, and high-voltage cables and related accessories), special cables for industry, and equipment cables for the building market. The Energy segment is made up of three operating segments: Energy Infrastructure, Building, and Industry.
- **Telecom** – which includes cables for private telecommunications networks, junction components for telecommunications network cables, and copper and optical fiber cables for public telecommunications networks. The Telecom segment is made up of two operating segments: Telecom Infrastructure and Local Area Networks.
- **Electrical Wires** – comprising wirerods, electrical wires and winding wires production operations. The Electrical Wires segment is made up of one operating segment.

The Group's segment information also includes a column entitled "Other", which mainly comprises certain specific or centralized activities carried out for the Group as a whole that give rise to expenses that are not allocated to the Group's business lines. Two specific factors were reflected in this column in 2009 and 2010:

- In both years the Group incurred non-recurring expenses for the organization of its legal defense following investigations launched by a number of competition authorities against Nexans and other cable manufacturers.

- In 2009, Nexans' management team put in place a series of measures aimed at improving its working capital position, notably by speeding up turnover of non-ferrous metal inventories. These measures, combined with steps taken to adapt to a depressed operating environment, enabled the Group to significantly reduce its levels of non-ferrous metal inventories, including Core exposure, in both 2009 and 2010. From an accounting perspective, the reduction in Core exposure resulted in a positive 37 million euro impact on operating margin in 2009 and 2010, which is offset in the "Core exposure effect" line between operating margin and operating income. Core exposure is measured at historic value at the level of operating margin, which is close to its LIFO value and lower than its resale value (see **Note 1.i**).

These operating segments form the basis for the monthly performance data presented to Nexans' Management Committee⁽¹⁾ and Executive Committee for the purpose of overseeing the Group's strategy and operations. They also constitute the principal vehicle for measuring and assessing Nexans' operating performance based on operating margin, which is the Group's main performance indicator.

The Management Committee and Executive Committee also analyze the Group's performance based on geographic area.

Transfer prices between the various segments are generally the same as those applied for transactions with parties outside the Group.

Operating segment data are prepared using the same accounting policies as for the consolidated financial statements, as described in the notes. The 2008 figures have been adjusted to take into account the fair value adjustments recorded in second-half 2009 following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

a) Information by reportable segment

2010 (in millions of euros)	Electrical Wires	Energy	Telecom	Other	Group total
Contribution to net sales at current metal prices	817	4,833	501	29	6,179
Contribution to net sales at constant metal prices	289	3,568	426	26	4,309
Operating margin	7	188	25	(13)	207
Depreciation, amortization and impairment of assets (including goodwill)	(2)	(163)	(13)	(3)	(181)

(1) Nexans' Management Committee comprises the Chairman and CEO as well as the three Senior Corporate Executive Vice Presidents. The Committee is the Group's chief operating decision maker within the meaning of IFRS 8.

2009 (in millions of euros)	Electrical Wires	Energy	Telecom	Other	Group total
Contribution to net sales at current metal prices	450	4,126	445	24	5,045
Contribution to net sales at constant metal prices	216	3,381	406	23	4,026
Contribution to net sales at constant metal prices and 2010 exchange rates	237	3,603	427	23	4,290
Operating margin	1	229	22	(11)	241
Depreciation, amortization and impairment of assets (including goodwill)	(5)	(121)	(13)	(4)	(143)

2008 adjusted* (in millions of euros)	Electrical Wires	Energy	Telecom	Other	Group total
Contribution to net sales at current metal prices	899	5,292	594	14	6,799
Contribution to net sales at constant metal prices	325	3,929	508	14	4,776
Contribution to net sales at constant metal prices and 2009 exchange rates	321	3,874	509	14	4,718
Operating margin*	(3)	398	41	(13)	423
Depreciation, amortization and impairment of assets (including goodwill)*	(7)	(104)	(14)	(3)	(128)

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see Note 11).

b) Information by major geographic area

2010 (in millions of euros)	France**	Germany	Norway	Other	Group total
Contribution to net sales at current metal prices*	962	640	577	4,001	6,179
Contribution to net sales at constant metal prices*	735	520	531	2,523	4,309
Non-current assets (IFRS 8)*	143	126	157	1,322	1,748

* Based on the location of the assets.

** Including Corporate activities.

2009 (in millions of euros)	France**	Germany	Norway	Other	Group total
Contribution to net sales at current metal prices*	920	555	532	3,038	5,045
Contribution to net sales at constant metal prices*	786	475	500	2,265	4,026
Contribution to net sales at constant metal prices and 2010 exchange rates*	786	475	545	2,485	4,290
Non-current assets (IFRS 8)*	150	129	123	1,247	1,649

* Based on the location of the assets.

** Including Corporate activities.

2008 adjusted ⁽¹⁾ (in millions of euros)	France**	Germany	Norway	Other	Group total
Contribution to net sales at current metal prices*	1,481	829	596	3,893	6,799
Contribution to net sales at constant metal prices*	1,042	623	549	2,562	4,776
Contribution to net sales at constant metal prices and 2009 exchange rates*	1,042	623	518	2,535	4,718
Non-current assets (IFRS 8)* ⁽¹⁾	146	128	95	1,157	1,526

* Based on the location of the assets.

** Including Corporate activities.

(1) Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see Note 11).

c) Information by major customer

The Group does not have any customers that individually accounted for over 10% of its sales in 2010, 2009 or 2008.

Note 4. Payroll, staff and staff training entitlement

		2010	2009	2008
Payroll costs (including payroll taxes)	(in millions of euros)	1,005	938	951
Staff of consolidated companies at year-end	(in number of employees)	23,691	22,716	23,480
Staff training entitlement*	(in hours)	340,000	395,000	360,000

* Aggregate estimated number of training hours accumulated by staff at December 31 (French companies only).
Costs incurred in relation to this training entitlement are recognized as expenses for the period and no related provision is recorded.

Payroll costs in the above table include share-based payments in accordance with IFRS 2. These amounts totaled 7.0 million euros in 2010 (including 5.0 million euros relating to stock option plans), 4.6 million euros in 2009 and 5.8 million euros in 2008 (including 5.5 million euros relating to stock option plans). See **Note 21** for further information.

Compensation paid to employees affected by restructuring plans in progress is not included in the above table.

Note 5. Other financial expenses

(in millions of euros)	2010	2009	2008
Dividends received from non-consolidated companies	1	1	1
Provisions	0	(1)	0
Net foreign exchange gain (loss)	4	(19)	(11)
Discounting impact on employee benefit obligations*	(35)	(35)	(34)
Expected return on employee benefit plan assets*	18	15	19
Other	(4)	(6)	(6)
Other financial expenses	(16)	(45)	(31)

* See **Note 22**.

Note 6. Net gains on asset disposals

(in millions of euros)	2010	2009	2008
Net gains (losses) on disposal of non-current assets	10	15	8
Net gains (losses) on disposal of investments	5	2	(4)
Other	-	-	-
Net gains on asset disposals	15	17	4

Note 7. Net asset impairment

(in millions of euros)	2010	2009	2008
Impairment losses – non-current assets	(21)	(7)	(23)
Reversals of impairment losses – non-current assets	-	-	4
Impairment losses – goodwill	(22)	(14)	(0)
Negative goodwill recognized in the income statement	-	-	-
Net asset impairment	(43)	(21)	(19)

Principal movements

In the fourth quarter of each year the Group carries out impairment tests on goodwill, property, plant and equipment and intangible assets, based on estimated medium-term data provided by its business units (see **Notes 1.k** and **1.n**).

The 43 million euro net impairment loss recorded in **2010** mainly related to:

- Primarily, the partial write-down of the “Australia” CGU (Cash Generating Unit), which groups Nexans’ operations in Australia and New Zealand further to Nexans’ December 2006 acquisition of the Olex group. In the first half of 2010 an impairment loss was recorded for this CGU on customer relationships which were recognized as assets at the acquisition date, and in the second half an additional impairment loss was recorded to partially write down the goodwill allocated to this CGU as the new pricing policy failed to deliver the expected results. The global economic downturn, whose main effects only hit Australia and New Zealand as from the second half of 2009, led to fierce competition in several market segments, with a sharp increase in imports and loss of market share for Olex with a number of key customers. At the same time certain market segments saw an overall sharp decrease in profitability.
- Goodwill and tangible assets of the “Spain” CGU, which were fully written down in the first half of the year due to the lack of an economic recovery in the country, particularly in the domestic real estate market.
- The remainder of the impairment losses recognized in 2010 concerned capital expenditure – mainly maintenance outlay – incurred for Group operations that had already been fully written down in prior years and for which the current outlook did not justify a reversal of the corresponding impairment losses at December 31, 2010.

The 21 million euro net impairment loss recorded in **2009** related to:

- The partial write-down of goodwill allocated to the CGU comprising Cabloswiss and Intercond in Italy (corresponding to almost half of the total net impairment loss recognized by the Group during the year). This CGU – whose operations are focused on power cables for the Industry market – experienced a particularly sharp contraction in business as a result of the recent financial crisis.
- The partial write-down of goodwill for the “Harness” business recorded in first-half 2009 as this CGU was severely affected by the slump in the automotive market. Despite signs of a recovery in the last quarter of 2009, in application of IFRIC 10, *Interim Financial Reporting and Impairment*, the impairment loss recognized in the first half of the year could not be reversed.
- Capital expenditure – mainly maintenance outlay – incurred for Group operations (primarily metallurgy) that had already been fully written down in prior years and for which the outlook at the year-end did not justify a reversal of the corresponding impairment losses.

The 19 million euro net impairment loss recorded in **2008** related mainly to the full write-down of the property, plant and equipment of the “Vietnam” CGU recorded to reflect (i) the fact that the legal reorganization of Nexans’ operations in Vietnam, carried out in conjunction with the Group’s local partner, proved more complex than originally anticipated; and (ii) a deterioration in Vietnam’s main economic indicators. The Group sold a portion of its operations in Vietnam during 2010 (see **Note 2.b**).

Other impairment losses recorded in 2008 concerned maintenance expenditure incurred for CGUs which had been fully written down in prior years, mainly the metallurgy business and power cables for the infrastructure and building sectors in Italy.

Main assumptions

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:

- The discount rate assumptions applied in 2010 were slightly lower than in 2009 for the Group's main monetary areas (by around 50 basis points). This reflects the fact that long-term interest rates eased during the reference period used to calculate impairment, reaching a record low at end-September 2010 (apart from in the United States when the low was reached towards the end of 2009).
- Since 2009, perpetuity growth rate assumptions have been aligned with the OECD's medium- and long-term growth forecasts, for all of the Group's geographic areas.

	Discount rate (before tax) applied to future cash flows	Discount rate (after tax) applied to future cash flows	Perpetuity growth rate
2010			
Australia	11.7%	9.5%	3%
Brazil	12.7%	9.5%	4%
Canada	11.0%	8.0%	2%
Chile	9.7%	8.5%	4%
China	9.8%	9.0%	7%
Korea	12.6%	9.5%	2%
Egypt	14.3%	12.0%	6%
United States	11.1%	8.0%	2%
Europe (eurozone)	11.2%	8.0%	2%
Lebanon	15.7%	14.0%	5%
Turkey	16.5%	13.0%	3%
2009			
Australia	12.9%	10.0%	3%
Brazil	12.8%	10.0%	3%
Canada	11.7%	8.5%	2%
Chile	10.8%	9.5%	3%
China	9.3%	8.5%	5%
Korea	12.6%	9.5%	4%
Egypt	13.7%	11.5%	6%
United States	10.4%	7.5%	2%
Europe (eurozone)	11.8%	8.5%	2%
Lebanon	15.7%	14.0%	5%
Turkey	14.6%	11.5%	3%
2008			
Australia	12.8%	10.0%	3.0%
Brazil	16.2%	11.5%	4.0%
Canada	11.7%	8.5%	0.5% - 2.0%
China	12.0%	11.0%	4.0%
Korea	13.3%	10.0%	2% - 4.0%
Egypt	15.5%	13.0%	6.0%
United States	11.7%	8.5%	2.0%
Europe (eurozone)	13.5%	9.0%	0% - 2.0%
Lebanon	20.6%	18.0%	5.0%
Turkey	16.5%	13.0%	3.0%

- The cash flow assumptions were updated in the last quarter of 2010 to incorporate Management's most recent estimates of the Group's future business levels (as contained in the 2011 Budget and the 2011-2013 Strategic Plan).
- The estimated cash flows used for the Group's impairment tests at December 31, 2010 were based on 5-year metal price trends at end-October 2010. The terminal value applied is generally equivalent to or approximates the latest available market forecast value. The aluminum and copper price forecasts used were as follows:

Euro/metric ton	Copper	Aluminum
2011	5,893	1,719
2012	5,697	1,766
2013	5,390	1,805
2014	5,165	1,828
2015	4,865	1,842
Terminal value	4,865	1,842

The assumptions applied for short- and medium-term copper prices were significantly higher than those used in 2009, reflecting recent market trends. The assumptions used for the 2009 impairment tests were as follows:

Euro/metric ton	Copper	Aluminum
2010	4,207	1,338
2011	4,156	1,383
2012	4,083	1,412
2013	3,993	1,438
2014	3,916	1,468
Terminal value	3,916	1,468

Major Goodwill CGUs

The CGUs that held intangible assets with indefinite useful lives and/or goodwill representing a material amount at Group level were as follows at December 31, 2010:

- Australia – a CGU that comprises the Olex group acquired in 2006, covering business both in Australia (representing the majority of Olex's operations) and New Zealand. At end-December 2010, following the impairment losses recorded during the year this CGU held 19 million euros worth of intangible assets with indefinite useful lives and 152 million euros in goodwill. A large-scale reorganization plan has recently been launched for the Group's Australian operations with a view to fueling an upturn in sales volumes and boosting their competitive edge in their domestic market.

- South America – a CGU that mainly comprises the Madeco sub-group but also includes Nexans' long-standing business in Brazil. At December 31, 2010 this CGU included (i) 147 million euros worth of goodwill, taking into account the additional purchase consideration recorded following the amicable settlement reached with Madeco in January 2011 (see **Note 2.b**), and (ii) 35 million euros in intangible assets with indefinite useful lives.
- The CGU comprising the Italy-based operations of Intercond and Cabloswiss, which held 24 million euros in goodwill (after the final fair value allocations for the Intercond acquisition – see **Note 2.b**), as well as 2 million euros worth of intangible assets with indefinite useful lives.

The recoverable amounts of these CGUs were determined based on their value in use, in accordance with the method described in **Note 1.n**. The other key assumptions used for these cash flow projections are described above.

Sensitivity analyses

Impairment calculations are based on the latest projections approved by Group Management as well as the main assumptions described above. The following sensitivity analyses were carried out by the Group:

- A 50 basis-point increase in the discount rates used for all the sensitive CGUs reviewed in 2010 compared with the assumptions presented above would result in a rise of around 25 million euros in the amount of impairment losses recorded for the year in relation to the "Australia" CGU.
- The calculations presented above are based on metal prices at end-October 2010. In view of the rise in copper prices in the last two months of 2010, revised calculations based on metal prices at December 31, 2010 could lead to a maximum rise of around 7 million euros in the amount of impairment losses recorded for the "Australia" CGU (without taking into consideration the potential favorable impact of the increase in copper prices on the unit's profitability).

For information purposes, metal prices at December 31, 2010 were as follows:

Euro/metric ton	Copper	Aluminum
2011	7,080	1,880
2012	6,756	1,911
2013	6,389	1,925
2014	6,037	1,939
2015	5,710	1,949
Terminal value	5,710	1,949

Note 8. Assets and groups of assets held for sale

The Group had no material assets or groups of assets held for sale at December 31, 2010, 2009 or 2008.

Similarly, it had no discontinued operations within the meaning of IFRS 5 for the three years presented.

Note 9. Income taxes

a) Analysis of the income tax charge

(in millions of euros)	2010	2009	2008 adjusted*
Current income tax charge	(52)	(44)	(64)
Deferred income tax benefit (charge), net	26	5	19
Income tax charge	(26)	(39)	(45)

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

Nexans SA heads a tax group in France that comprised 13 companies in 2010. Other tax groups have been set up where possible in other countries, including in Germany, North America and Korea.

In France, local business tax (*taxe professionnelle*) was abolished in 2010 and replaced by a new "territorial economic tax" (*Contribution Économique Territoriale – CET*), which includes a contribution based on companies' "value added" (*Cotisation sur la Valeur Ajoutée des Entreprises – CVAE*). The Group has decided to classify the CVAE as falling within the scope of application of IAS 12 and has therefore included this new contribution in the "Income taxes" line in the consolidated income statement. This gave rise to the recognition of deferred taxes where appropriate.

b) Effective income tax rate

The effective income tax rate was as follows for 2010, 2009 and 2008:

(in millions of euros)	2010	2009	2008 adjusted *
Income before taxes	110	51	131
Of which share in net income (loss) of associates	(1)	(0)	(0)
Income before taxes and share in net income (loss) of associates	111	51	131
Standard tax rate applicable in France (in %)	34.43%	34.43%	34.43%
Theoretical income tax expense	(38)	(18)	(45)
Effect of:			
- Differences in current tax rates of foreign countries	11	7	2
- Expenses not deductible for tax purposes	(12)	(5)	(7)
- Unused tax losses and other deductible temporary differences for the period not recognized as deferred tax assets	(42)	(40)	(11)
- Utilization during the period of unused tax losses and other deductible temporary differences not previously recognized as deferred tax assets	9	0	4
- Income/(expenses) arising from tax losses and other deductible temporary differences due to changes in caps on net deferred tax assets during the period	24	(16)	(1)
- Income not subject to tax or taxed at a reduced rate	6	15	3
- Changes in tax rates	(0)	0	(0)
- Taxes calculated on a basis different from "Income before taxes"	(6)	-	-
- Tax credits	10	11	1
- Adjustments in respect of prior years and other impacts	12	7	9
Actual income tax expense	(26)	(39)	(45)
Effective tax rate (in %)	23.50%	75.45%	34.35%

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

The theoretical income tax expense is calculated by applying the parent company's tax rate to consolidated income before taxes and share in net income (loss) of associates.

In the 2008 adjusted financial statements, prepared in order to reflect the impacts of completing the initial accounting for Madeco and Intercond (see **Note 11**), the Group recorded a 4.6 million euro deferred tax gain in the adjusted income statement resulting from a change in tax legislation in Italy during the first half of 2009. Under this new law, the tax bases of certain property, plant and equipment could be increased retrospectively at December 31, 2008. As a result, the assets concerned were measured at their fair value for tax purposes, approximating the amount allocated to them when they were valued at the acquisition date. This impact is included in "Adjustments in respect of prior years and other impacts" in the tax proof presented above.

In addition, at end-July 2009 Nexans merged its long-standing subsidiary Nexans Brazil with Ficap – a subsidiary of the Madeco sub-group that operates in Brazil. Following the merger of these two legal entities the goodwill recognized in Nexans Brazil's statutory accounts following the September 2008 acquisition of Ficap became deductible for tax purposes. The corresponding deferred tax gain was recognized in the 2009 consolidated income statement in an amount of 11 million euros (after a reduction to take into account earnings forecasts). The decision to merge the two entities was taken in May 2009 by Nexans' management team, after analyzing all of the potential operating and organizational impacts. The merger led to a reorganization of Nexans' manufacturing and administrative operations in Brazil. This impact is included in "Adjustments in respect of prior years and other impacts" in the tax proof presented above.

c) Taxes recognized directly in equity

The impact of taxes on other comprehensive income can be analyzed as follows for 2010, 2009 and 2008:

2010 (in millions of euros)	Gross value	Tax effect	Net impact
Available-for-sale financial assets			
- Gains (losses) generated during the year	-	-	-
- Amounts recycled to the income statement	-	-	-
Currency translation differences			
- Gains (losses) generated during the year	179	(1)	178
- Amounts recycled to the income statement	1	-	1
Cash flow hedges			
- Gains (losses) generated during the year	107	(29)	78
- Amounts recycled to the income statement	(75)	18	(57)
Other comprehensive income	211	(12)	200

2009 (in millions of euros)	Gross value	Tax effect	Net impact
Available-for-sale financial assets			
- Gains (losses) generated during the year	-	-	-
- Amounts recycled to the income statement	-	-	-
Currency translation differences			
- Gains (losses) generated during the year	139	(7)	132
- Amounts recycled to the income statement	-	-	-
Cash flow hedges			
- Gains (losses) generated during the year	253	(59)	194
- Amounts recycled to the income statement	(13)	(1)	(14)
Other comprehensive income	379	(67)	312

2008 (in millions of euros)	Gross value	Tax effect	Net impact
Available-for-sale financial assets			
- Gains (losses) generated during the year	(2)	-	(2)
- Amounts recycled to the income statement	-	-	-
Currency translation differences			
- Gains (losses) generated during the year	(124)	6	(118)
- Amounts recycled to the income statement	-	-	-
Cash flow hedges			
- Gains (losses) generated during the year	(230)	58	(172)
- Amounts recycled to the income statement	(12)	5	(7)
Other comprehensive income	(368)	70	(299)

At December 31, 2010, taxes recognized directly in other comprehensive income (recycled reserves) – which mainly related to fair value adjustments on derivatives designated as cash flow hedges and primarily corresponded to deferred tax liabilities – totaled 25 million euros, breaking down as follows:

At December 31, in millions of euros	2010			2009	2008
	Impacts before currency translation differences*	Currency translation differences**	Total impact on equity		
By type of underlying					
Metal derivatives – cash flow hedges	(17)	(2)	(19)	(6)	45
Foreign exchange derivatives – cash flow hedges	(2)	(1)	(3)	(2)	6
Net investments in foreign operations and related hedges	(3)	(1)	(3)	(2)	6
Total taxes recognized directly in other comprehensive income	(22)	(4)	(25)	(10)	57
Of which current tax	(3)	(1)	(3)		
Of which deferred tax	(19)	(3)	(22)		

* Impacts on cash flow hedges are recognized in “Changes in fair value and other”; Impacts on net investments in foreign operations and related hedges are presented in “Currency translation differences”.

** Currency translation differences for current and deferred taxes relating to cash flow hedges as well as net investments in foreign operations and related hedges are presented under “Currency translation differences”.

These taxes will be recycled to the income statement in the periods when the hedged items affect income (see **Note 1.c** and **Note 1.bb**).

In addition, a deferred tax asset was recognized directly in equity on the option component of the OCEANE 2016 and 2013 bonds at the time of their issue, corresponding to 13 million euros in June 2009 and 10 million euros in July 2006 (see **Note 21.f**).

d) Deferred taxes recorded in the statement of financial position

Deferred taxes break down as follows by type of temporary difference:

(in millions of euros)	Dec. 31, 2009	Impact on the income statement	Exchange differences	Business combinations	Impact on equity	Other	Dec. 31, 2010
Goodwill	39	(10)	5	-	0	(0)	33
Intangible assets	(48)	8	(7)	-	0	(1)	(49)
Property, plant and equipment	(38)	(5)	(3)	-	0	(1)	(47)
Long-term financial assets	0	1	0	-	(0)	0	2
Inventories	(2)	(0)	(0)	-	0	(1)	(4)
Receivables	(32)	(4)	(1)	-	0	3	(34)
Provisions	39	0	2	-	0	2	43
Financial liabilities	(10)	7	0	-	(0)	4	(0)
Current liabilities	6	0	0	-	0	(2)	5
Mark-to-market of metal and foreign exchange derivatives	(14)	6	(1)	-	(11)	(0)	(19)
Other	1	(1)	(0)	-	0	(2)	(3)
Unused tax losses	259	34	2	-	0	3	299
Deferred tax assets (gross) and deferred tax liabilities	200	36	(4)	-	(11)	4	225
Unrecognized deferred tax assets	(252)	(10)	(2)	-	-	(8)	(273)
Net deferred taxes	(52)	26	(7)	-	(11)	(4)	(48)
Of which recognized deferred tax assets	57	-	-	-	-	-	82
Of which deferred tax liabilities	(109)	-	-	-	-	-	(130)

(in millions of euros)	Dec. 31, 2008 adjusted*	Impact on the income statement	Exchange differences	Business combinations	Impact on equity	Other	Dec. 31, 2009
Goodwill	14	22	3	-	-	-	39
Intangible assets	(47)	2	(3)	-	-	-	(48)
Property, plant and equipment	(36)	(2)	0	-	-	-	(38)
Long-term financial assets	0		0	-	-	-	0
Inventories	(18)	16	0	-	-	-	(2)
Receivables	(19)	(12)	(1)	-	-	-	(32)
Provisions	24	14	1	-	-	-	39
Financial liabilities	(3)	6	0	-	(13)	-	(10)
Current liabilities	6	(1)	0	-		1	6
Mark-to-market of metal and foreign exchange derivatives	60	(7)	0	-	(67)	-	(14)
Other	(1)	(7)	9	-		-	1
Unused tax losses	246	29	(15)	-		-	259
Deferred tax assets (gross) and deferred tax liabilities	225	60	(6)	-	(79)	1	200
Unrecognized deferred tax assets	(203)	(55)	5	-		-	(252)
Net deferred taxes	22	5	(1)	-	(79)	1	(52)
Of which recognized deferred tax assets	92	-	-	-	-	-	57
Of which deferred tax liabilities	(70)	-	-	-	-	-	(109)

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

At December 31, 2010, 2009 and 2008, deferred tax assets in the respective amounts of 273 million euros, 252 million euros and 203 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable. These mainly concern the tax losses described in paragraph e) below.

e) Unused tax losses

Unused tax losses carried forward represented potential tax benefits for the Group of 299 million euros at December 31, 2010 (259 million euros and 246 million euros at December 31, 2009 and 2008 respectively). The main tax entities to which these tax losses related at that date were as follows:

- German subsidiaries, in an amount of 156 million euros (165 million euros and 156 million euros at December 31, 2009 and 2008 respectively).
- French subsidiaries, in an amount of 41 million euros (29 million euros and 22 million euros at December 31, 2009 and 2008 respectively).
- Italian subsidiaries (excluding Intercond), in an amount of 29 million euros (18 million euros and 23 million euros at December 31, 2009 and 2008 respectively).

For countries in a net deferred tax asset position after offsetting deferred tax assets and deferred tax liabilities arising from temporary differences, the net deferred tax asset recognized in the statement of financial position is determined based on updated business plans as described in **Note 1.v**.

The potential tax benefits deriving from unused tax losses carried forward break down as follows by expiration date:

(in millions of euros)	2010	2009	2008
Year y+1	15	9	29
Year y+2 to y+4	11	32	39
Year y+5 and subsequent years	273	218	178
Total	299	259	246

f) Taxable temporary differences relating to interests in subsidiaries, joint ventures and associates

No deferred tax liabilities have been recognized in relation to temporary differences where (i) the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; or (ii) the reversal of the temporary difference will not give rise to a tax payment (notably concerning the abolition in France of capital gains tax on sales of securities as from 2007).

Note 10. Earnings per share

The following table presents a reconciliation of basic earnings per share and diluted earnings per share:

	2010	2009	2008 adjusted*
Net income attributable to owners of the parent (in millions of euros)	82	8	83
Impact of interest expense (OCEANE bonds)	15	Anti-dilutive	16
Impact of interest expense (OCEANE bonds) net of tax	10	Anti-dilutive	11
Adjusted net income attributable to owners of the parent (in millions of euros)	92	8	94
Attributable net income from discontinued operations	-	-	-
Average number of shares outstanding	28,283,446	27,974,134	26,059,046
Dilutive instruments:			
- Average number of OCEANE bonds	4,000,000	Anti-dilutive	3,794,037
- Average number of dilutive stock options	239,779	149,467	354,153
Average number of diluted shares	32,523,225	28,123,601	30,207,236
Attributable net income from continuing operations per share (in euros)			
- basic earnings per share	2.92	0.29	3.21
- diluted earnings per share	2.84	0.29**	3.12
Attributable net income from discontinued operations per share (in euros)			
- basic earnings per share	-	-	-
- diluted earnings per share	-	-	-
Attributable net income per share (in euros)			
- basic earnings per share	2.92	0.29	3.21
- diluted earnings per share	2.84	0.29**	3.12

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

** Restated from last year 0.71 euro per share figure.

At December 31, 2010, the main anti-dilutive instruments were as follows:

- the OCEANE 2013 convertible/exchangeable bonds issued in 2006, representing an average of 3,794,037 bonds outstanding in 2010 and a pre-tax interest expense of 17.6 million euros;
- 926,382 stock options granted to Group employees, with an average exercise price of 72.26 euros (including the employee benefit valuation as per IFRS 2).

At December 31, 2009, the main anti-dilutive instruments were as follows:

- the OCEANE 2013 convertible/exchangeable bonds issued in 2006, representing an average of 3,794,037 bonds outstanding in 2009 and a pre-tax interest expense of 16.8 million euros;

- the OCEANE 2016 convertible/exchangeable bonds issued in 2009, representing an average of 2,104,110 bonds outstanding in 2009 and a pre-tax interest expense of 7.5 million euros;
- 983,658 stock options granted to Group employees, with an average exercise price of 68.13 euros (including the employee benefit valuation as per IFRS 2).

At December 31, 2008, a total of 633,881 stock options with an average exercise price of 81.99 euros (including the employee benefit valuation as per IFRS 2) had an anti-dilutive impact.

Note 11. Goodwill

	Gross	Impairment losses	Carrying amount
January 1, 2008	216	(24)	192
Business combinations*	141	-	141
Disposals	-	-	-
Impairment losses	-	-	-
Exchange differences	(32)	(1)	(33)
Other movements**	8	-	8
December 31, 2008 adjusted*	333	(25)	308
Business combinations*	(1)	-	(1)
Disposals	-	-	-
Impairment losses	-	(14)	(14)
Exchange differences	49	-	49
Other movements**	(7)	-	(7)
December 31, 2009	374	(39)	335
Business combinations	12	-	12
Disposals	(0)	0	-
Impairment losses	-	(22)	(22)
Exchange differences	49	(3)	46
Other movements**	7	-	7
December 31, 2010	442	(64)	378

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see below).

** Including classification as assets and groups of assets held for sale (IFRS 5).

Goodwill is tested for impairment at least once a year and whenever there is an indication that it may be impaired, using the methods and assumptions described in **Notes 1.k, 1.n** and **7**.

During 2010, the main movements in goodwill related to the following:

- Currency appreciation in South America and Australia, both geographical regions which have a significant level of goodwill.
- The goodwill impairment losses recorded for the "Australia" and "Spain Energy" CGUs (see **Note 7**).
- The 13.7 million US dollars in additional purchase consideration recognized following the settlement agreement entered into with the Madeco group in January 2011 in relation to the arbitration procedure launched in July 2009. The purpose of this arbitration procedure was to set the definitive amount of the purchase price for Nexans' September 30, 2008 acquisition of the Madeco group's cables business, as the initial price was subject to final adjustments based on financial statements at September 30, 2008 (see **Note 2.b**).

As there were no significant changes in the scope of consolidation in **2009**, movements in goodwill during that year primarily related to fluctuations in exchange rates as well as impairment losses (see **Note 7**).

In **2008**, the main additions to goodwill related to the following:

- The acquisition on September 30, 2008 of the Madeco group's cables business, mainly comprising five operating companies (Indelqui in Argentina, Cedsa in Colombia, Ficap in Brazil, Indeco in Peru and Madeco Cables in Chile) – see **Note 2.b**.

This acquisition was settled through (i) a cash payment representing the equivalent of 257 million euros, including transaction costs, and (ii) the issue of 2.5 million new Nexans SA shares valued at 148 million euros. The 59.2 euro per share fair value used in the consolidated financial statements for this acquisition corresponded to the average share price between the opening and closing prices for Nexans SA shares during trading on September 30, 2008.

The purchase price did not include any earn-out payments but was subject to final adjustments based on financial statements at 30 September 2008. Nexans acquired control of the business on October 1, 2008.

The provisional goodwill on the acquisition – recognized when the Madeco group's cables business was consolidated for the first time – amounted to 173 million euros. However, taking into account the depreciation of local currencies in the last quarter of 2008, the euro equivalent of the goodwill recognized on Madeco was reduced to 163 million euros in the consolidated financial statements for the year ended December 31, 2008.

The initial accounting for the business combination was completed in 2009 and the provisional goodwill recognized on the acquisition was reduced from 173 million euros to 111 million euros (as at the date of first-time consolidation). This amount breaks down as follows:

<i>(in millions of euros)</i>	Madeco acquisition in 2008
Acquisition price	405
<i>o/w portion paid in cash and cash equivalents</i>	257
Acquisition price (A)	405
Assets	
Non-current assets (including financial assets)	213
Inventories	113
Receivables	93
Cash and cash equivalents	37
Deferred tax assets	6
Other assets	26
Liabilities	
Provisions	29
Financial liabilities	49
Deferred tax liabilities	17
Other liabilities	95
Net assets acquired (including non-controlling interests)	298
Non-controlling interests in net assets acquired(1)	4
Net attributable assets acquired (B)	294
Goodwill (A) – (B)	111

* In accordance with the accounting policies described in **Note 1.k**, non-controlling interests in the Madeco group have been measured at historical cost. They mainly correspond to the 4% stake held by minority interests in Indeco.

The 405 million euro acquisition price included a firm commitment by Nexans to purchase the remaining 20% interest in Cedsa (Nexans Colombia) in 2009. This 20% stake was purchased in early 2011 following the agreement signed between Nexans and the Madeco group in January 2011 (see Note 2.b).

Final purchase price allocation for the Madeco group

The difference between (i) the 163 million euros in provisional goodwill recognized on the acquisition of the Madeco group in the financial statements for the year ended December 31, 2008 (representing 173 million euros at the first-time consolidation date, adjusted for currency effects in the last quarter of 2008) and (ii) the final goodwill amount of 101 million euros recognized in the 2008 adjusted financial statements after completion of the Madeco purchase price allocation (representing 111 million euros at the first-time consolidation date, adjusted for currency effects in the last quarter of 2008) can be analyzed as follows (based on exchange rates prevailing at December 31, 2008):

<i>(in millions of euros)</i>	
Provisional Madeco goodwill at Dec. 31, 2008	163
Amount allocated to property, plant and equipment	(15) a)
Amount allocated to trademarks	(11) b).1
Amount allocated to customer relationships	(51) b).2
Amount allocated to supply contracts	(17) b).3
Amount allocated to inventories	2 c)
Provisions	16 d)
Net deferred tax liabilities	14 e)
Goodwill at Dec. 31, 2008 after final purchase price allocation	101

- a) In 2009, the Group measured the acquisition-date fair values of all of Madeco's property, plant and equipment, comprising land, buildings and manufacturing equipment in Madeco's various host countries. This measurement was performed with the assistance of specialized consulting firms. The main geographic area concerned by these fair value allocations was Brazil.
- b) Also in 2009 Nexans performed a valuation of Madeco's intangible assets. The following three main categories of intangible assets were identified and measured, with the assistance of specialized consulting firms:
1. Trademarks in Peru and, to a lesser degree, Brazil. The Madeco group had well-known trademarks in both of these countries (Indeco in Peru and Ficap in Brazil) which generated substantial sales. The value of trademarks in Colombia and Argentina was not deemed to be material in view of the relatively low volume of sales they generated. In Chile, the vendor retained title to the Madeco name and Nexans has a right of use to this name, whose value was not deemed to be material. All of these trademarks are considered to have indefinite useful lives and are therefore not amortized.
 2. Customer relationships, as the Madeco group has a large customer portfolio – notably in Peru, which is the main geographic area in which fair value allocations for customer relationships were required as Madeco has a majority market share and long-standing commercial relations in the country. Less significant amounts were also allocated to customer relationships in Madeco's other host countries, apart from Argentina where the intangible assets concerned were not deemed to be material. Customer relationships are amortized over useful lives ranging between 10 and 20 years, based largely on an analysis of past experience of customer turnover in the various countries.
 3. Certain copper rod supply contracts in Chile and Peru that give the Madeco group a competitive advantage in terms of purchasing costs. These contracts are automatically renewable unless notice is given otherwise. As the probability of these contracts being renewed is high – based on past experience and the economic environment – they are deemed to have indefinite useful lives and are therefore not amortized.
- c) In addition, inventories were measured at fair value at the acquisition date, as the carrying amounts of certain items of inventory were higher than their market values at that date.
- d) The Group identified the fair values of the liabilities and contingent liabilities of Madeco's cables business at the acquisition date, taking into account the allocation of risks between the purchaser and the vendor as provided for in the applicable seller's warranty clauses.
- e) Two different types of deferred taxes were recognized in connection with the final purchase price allocation:
1. Deferred taxes recognized on the allocation of goodwill to the acquired property, plant and equipment and intangible assets, as well as to the liabilities and contingent liabilities identified at the acquisition date.
 2. Deferred taxes recognized in an amount of 6 million euros to reflect the expected positive impact of the forthcoming merger of certain legal entities in Chile which will result in goodwill becoming deductible for tax purposes. This planned merger of legal entities in Chile (which was completed in 2010) was deemed to be directly related to the acquisition process.

As the acquisition of the Madeco group was completed on October 1, 2008, the main impacts on the 2008 income statement, as adjusted for the final purchase price allocation, were as follows:

(in millions of euros)	Dec. 31, 2008
Value of inventories used	2
Net asset impairment	(1)
Deferred taxes	(1)
Total impact on consolidated net income	0

- Nexans' August 1, 2008 purchase of the entire capital of the Italian group Intercond which is made up of three main operating companies all based in Italy (Intercond S.p.A, Pessano Cavi S.p.A and Intercond Service S.p.A) – see **Note 2.b**.

This acquisition was fully settled in cash and the purchase price did not include any earn-out payments. Nexans effectively took control of the Intercond group on August 1, 2008 and the provisional goodwill recognized at the date of first-time consolidation was 56 million euros. When the initial accounting for the acquisition was completed in 2009, the goodwill recorded at the acquisition date was reduced to 25 million euros, breaking down as follows:

<i>(in millions of euros)</i>	Intercond acquisition in 2008
Acquisition price	52
<i>o/w portion paid in cash and cash equivalents</i>	52
Acquisition price (A)	52
Assets	
Non-current assets (including financial assets)	54
Inventories	14
Receivables	22
Cash and cash equivalents	2
Liabilities	
Provisions	2
Financial liabilities*	37
Deferred tax liabilities	8
Other liabilities	18
Net assets acquired (including non-controlling interests)	27
Non-controlling interests in net assets acquired	0
Net attributable assets acquired (B)	27
Goodwill (A) – (B)	25

* Including loans from former shareholders at the acquisition date.

A total of 30 million euros in outstanding loans from former shareholders was immediately repaid after the acquisition.

Final purchase price allocation for Intercond

The difference between (i) the 56 million euros in provisional goodwill recognized on the Intercond acquisition in the financial statements for the year ended December 31, 2008 and (ii) the final goodwill amount of 25 million euros recognized in the 2008 adjusted financial statements after completion of the purchase price allocation can be analyzed as follows:

<i>(in millions of euros)</i>		
Provisional Intercond goodwill at Dec. 31, 2008	56	
Amount allocated to property, plant and equipment	(29)	a)
Amount allocated to trademarks	(2)	b).1
Amount allocated to customer relationships	(10)	b).2
Amount allocated to inventories	(4)	c)
Net deferred tax liabilities	14	d)
Goodwill at Dec. 31, 2008 after final purchase price allocation	25	

a) In 2009, the Group measured the acquisition-date fair values of all of Intercond's property, plant and equipment with the assistance of specialized consulting firms. The main asset categories involved were manufacturing equipment, as well as land and buildings, in view of Intercond's advantageous geographic location in the close suburbs of Milan.

b) Also in 2009 Nexans performed a valuation of Intercond's intangible assets. The following two main categories of intangible assets were identified and measured, with the assistance of specialized consulting firms:

1. The Intercond trademark, which enjoys a strong reputation for quality in its market segment. However, the value allocated to this trademark was adjusted to reflect its limited geographic reach (primarily Germany and Italy) as well as the fact that the company only operates in the industrial sector. The Intercond brand is considered to have an indefinite useful life and is therefore not amortized.
2. Customer relationships, as Intercond has a strong customer portfolio, especially in the Automation segment (Intercond's main business activity at the acquisition date) as well as significant operating margins.

c) Measurement of inventories at their fair value at the acquisition date.

d) Deferred tax liabilities recognized on the allocation of goodwill to the acquired property, plant and equipment and intangible assets.

As the acquisition of Intercond was completed on August 1, 2008, the main impacts on the 2008 income statement, as adjusted for the final purchase price allocation, were as follows:

(in millions of euros)	Dec. 31, 2008
Value of inventories used	(4)
Net asset impairment	(1)
Deferred taxes	6
Total impact on consolidated net income	1

The 2008 adjusted financial statements also include the income statement impact of a change in Italian tax legislation in the first quarter of 2009, which led to the tax base of certain items of property, plant and equipment being increased retrospectively at December 31, 2008 (in order to align carrying amounts in the statutory accounts with fair values). This change in tax laws gave rise to a 4.6 million euro retroactive deferred tax gain for 2008 (see **Note 9.b**).

- During the first half of 2008 the Group sold its copper telecom cables business in Spain. The sale was completed in late May 2008 to the UK-based group B3 Cable Solutions – one of Europe's leading copper cable manufacturers – based on an enterprise value of 19.5 million euros (see **Note 2.b**).

This sale resulted in a loss of 5.8 million euros, which was recorded in the income statement under "Net gains on asset disposals".

The impact of the sale of the Spanish copper telecom cables business on the 2008 consolidated balance sheet can be analyzed as follows:

(in millions of euros)	Sale of Spanish copper telecom cables business in 2008
Sale price	19
<i>o/w portion received in cash and cash equivalents</i>	19
Sale price	19
Assets	
Non-current assets	2
Inventories	9
Receivables	29
Cash and cash equivalents	0
Liabilities	
Provisions	1
Other liabilities	14
Net assets sold (including non-controlling interests)	25
Non-controlling interests in net assets sold	-
Net attributable assets sold	25

Note 12. Other intangible assets

a) Changes in the gross value of intangible assets

(in millions of euros)	Gross value					Total
	Trademarks	Customer relationships	Software	Patents and licenses	Other	
January 1, 2008	15	77	37	5	10	143
Acquisitions	-	-	1	-	2	3
Disposals	-	-	(0)	-	0	-
Business combinations**	13	61	2	1	17	94
Exchange differences	(2)	(13)	(0)	-	0	(15)
Other movements*	-	-	9	-	(2)	7
December 31, 2008 adjusted**	26	125	48	6	27	232
Acquisitions	-	-	2	-	0	2
Disposals	-	-	(0)	-	-	(0)
Business combinations	-	-	-	-	-	-
Exchange differences	3	17	1	(0)	2	23
Other movements*	1	1	3	(1)	2	6
December 31, 2009	30	143	54	5	31	263
Acquisitions	-	-	2	-	1	3
Disposals	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange differences	5	24	3	0	4	36
Other movements*	-	-	8	-	(2)	6
December 31, 2010	35	167	67	5	34	308

* Including classification as assets and groups of assets held for sale (IFRS 5).

** Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see Note 11).

b) Changes in amortization and impairment of intangible assets

(in millions of euros)	Amortization and impairment					Total
	Trademarks	Customer relationships	Software	Patents and licenses	Other	
January 1, 2008	-	4	31	3	3	42
Amortization expense**	-	6	5	-	1	12
Reversals on disposals	-	0	0	-	-	0
Business combinations	-	0	0	-	-	0
Exchange differences	-	(1)	1	-	-	0
Other movements*	-	0	4	-	-	4
December 31, 2008 adjusted**	-	9	41	3	4	58
Amortization expense	-	8	5	-	1	14
Reversals on disposals	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange differences	-	1	(1)	-	-	-
Other movements*	-	1	-	-	1	2
December 31, 2009	-	19	46	3	6	74
Amortization expense	-	9	6	0	-	15
Impairment losses***	-	18	0	-	-	18
Reversals on disposals	-	-	-	-	-	-
Business combinations	-	-	0	-	-	-
Exchange differences	-	5	2	0	1	8
Other movements*	-	-	1	-	(1)	0
December 31, 2010	-	51	55	3	6	115

* Including classification as assets and groups of assets held for sale (IFRS 5).

** Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

*** See **Note 7**.

Note 13. Property, plant and equipment

a) Changes in the gross value of property, plant and equipment

(in millions of euros)	Gross value					Total
	Land	Buildings	Plant, equipment and machinery	Assets in progress	Other	
January 1, 2008	63	603	1,802	85	200	2,754
Acquisitions	-	9	48	119	13	189
Disposals	-	(9)	(24)	(2)	(9)	(44)
Business combinations**	26	43	81	2	6	158
Exchange differences	(6)	(22)	(79)	(7)	(11)	(125)
Other movements*	1	33	124	(82)	15	91
December 31, 2008 adjusted**	84	657	1,953	115	214	3,023
Acquisitions	1	16	48	74	7	146
Disposals	(1)	(2)	(45)	-	(7)	(55)
Business combinations	-	-	-	-	-	-
Exchange differences	6	21	64	7	5	103
Other movements*	2	21	59	(109)	(5)	(32)
December 31, 2009	92	713	2,079	87	214	3,185
Acquisitions	-	6	27	74	18	125
Disposals	(3)	(4)	(19)	-	(2)	(28)
Business combinations	-	(2)	(5)	-	-	(7)
Exchange differences	7	34	111	7	8	167
Other movements*	(1)	(16)	(7)	(95)	(9)	(128)
December 31, 2010	95	731	2,186	73	229	3,314

* Including classification as assets and groups of assets held for sale (IFRS 5), transfers of assets in progress as the assets come into service, and retirements of assets (which are generally fully depreciated).

** Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see Note 11).

Property, plant and equipment acquired under finance leases and long-term leases do not represent a material portion of total property, plant and equipment.

b) Changes in depreciation and impairment of property, plant and equipment

(in millions of euros)	Depreciation and impairment				
	Land	Buildings	Plant, equipment and machinery	Other	Total
January 1, 2008	10	460	1,266	161	1,896
Depreciation expense***	-	16	74	8	98
Impairment losses**	-	4	15	3	23
Reversals of impairment losses**	-	-	(3)	(1)	(4)
Reversals on disposals	-	(6)	(25)	(4)	(35)
Business combinations	-	-	(8)	(0)	(8)
Exchange differences	(0)	(10)	(41)	(5)	(56)
Other movements*	1	7	59	2	69
December 31, 2008 adjusted***	10	471	1,337	165	1,983
Depreciation expense	-	19	79	10	108
Impairment losses**	1	1	5	-	7
Reversals of impairment losses**	-	-	-	-	-
Reversals on disposals	-	(2)	(42)	(8)	(52)
Business combinations	-	-	-	-	-
Exchange differences	-	9	29	3	41
Other movements*	1	(1)	(18)	(1)	(19)
December 31, 2009	12	497	1,390	169	2,068
Depreciation expense	-	19	91	12	122
Impairment losses**	-	-	18	-	18
Reversals of impairment losses**	-	-	-	-	-
Reversals on disposals	-	(3)	(15)	(2)	(20)
Business combinations	-	(2)	(5)	-	(7)
Exchange differences	0	18	59	6	83
Other movements*	(1)	(29)	(74)	(16)	(120)
December 31, 2010	11	500	1,464	169	2,144

* Including classification as assets and groups of assets held for sale (IFRS 5) and retirements of assets (which are generally fully depreciated).

** See **Note 7**. In 2010, this line also included 15 million euros recognized as a result of restructuring plans (see **Note 23**).

*** Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see **Note 11**).

c) Other information

Firm commitments to purchase property, plant and equipment amounted to 35 million euros at December 31, 2010 (15 million euros at December 31, 2009 and 57 million euros at December 31, 2008).

Note 14. Investments in associates – Summary of financial data

a) Equity value

At December 31, in millions of euros	Percentage ownership	2010	2009	2008
Qatar International Cable Company	30.33%	2	3	-
Cobrecon/Colada Continua	33.33%/41.00%	4	4	3
Recycables	36.50%	1	1	1
Total		7	8	4

Nexans has a minority 30.33% stake in a joint venture it has set up in Qatar alongside two local partners for the manufacture of energy infrastructure cables. The facility opened in 2010 and is expected to enter the full production phase during 2011.

Following its acquisition of the Madeco group's cables business in 2008, Nexans has two associates accounted for by the equity method which are both specialized in wirerod operations. The Group has respective interests of 33.33% and 41% in these two entities (Cobrecon in Peru and Colada Continua in Chile).

The Group's other equity-accounted associate is Recycables, a France-based company that is 36.5% held by Nexans. Recycables was set up in partnership with the Sita group to recycle manufacturing waste and began operations in 2008.

b) Financial data relating to associates

The information below is presented in accordance with the local GAAP of each associate as full IFRS balance sheet and income statement data are not available.

Condensed balance sheet

At December 31, in millions of euros	2010	2009	2008
Intangible assets and purchased goodwill	2	3	3
Property, plant and equipment	41	16	7
Current assets	18	10	14
Other	1	10	2
Total capital employed	62	39	26
Equity	23	25	14
Provisions	2	2	2
Net debt	27	1	-
Operating liabilities	10	11	10
Total financing	62	39	26

Condensed income statement

(in millions of euros)	2010	2009	2008
Sales at current metal prices	27	22	16
Operating income (loss)	(4)	(2)	1
Net income (loss)	(4)	(1)	(1)

The year-on-year changes in 2010 mainly reflect manufacturing capital expenditure projects carried out in relation to the joint venture in Qatar.

Note 15. Other non-current financial assets

At December 31, in millions of euros	2010	2009	2008
Long-term loans and receivables	9	8	6
Available-for-sale securities	20	17	16
Other	15	17	13
Total	44	42	35

The maturity schedule for these financial assets at December 31, 2010 is presented below (excluding available-for-sale securities which correspond to shares in non-consolidated companies and have no maturity).

At December 31, in millions of euros	2010			
	Carrying amount	< 1 year	1 to 5 years	> 5 years
Long-term loans and receivables	9	4	2	3
Other	15	0	15	-
Total	24	4	17	3

Movements in impairment losses recognized for available-for-sale securities carried at cost (see **Note 28.a**) were as follows:

(in millions of euros)	At Jan. 1	Additions	Disposals	Other	At Dec. 31
2010	7	0	-	0	7
2009	9	1	-	(3)	7
2008	9	-	-	-	9

No impairment losses have been recorded for "Long-term loans and receivables" and there were no past-due balances in relation to this item at December 31, 2010, 2009 or 2008.

Impairment losses recorded for assets included in line "Other" of this item totaled 9 million euros at December 31, 2010, unchanged from year-end 2009 (4 million euros at December 31, 2008). There were no past-due balances in relation to this item other than those provided for in these impairment losses.

Note 16. Construction contracts

Construction contracts are measured and presented in accordance with the accounting policy described in Note 1.g. These contracts mainly cover the high-voltage cable operations of the Energy Infrastructure operating segment (see **Note 3**).

The positions for construction contracts presented in the statement of financial position correspond to the aggregate amount of costs incurred on each individual contract plus profits recognized (net of any losses recognized) less progress billings. Positive amounts are included in assets under "Amounts due from customers on construction contracts" and negative amounts are classified in liabilities under "Amounts due to customers on construction contracts" (which are presented in "Liabilities related to construction contracts" in the statement of financial position).

Contracts in progress at December 31, 2010, 2009 and 2008 break down as follows:

At December 31, in millions of euros	2010	2009	2008
Assets related to construction contracts	189	215	195
of which "Amounts due from customers on construction contracts"	189	215	195
Liabilities related to construction contracts	202	174	111
of which "Amounts due to customers on construction contracts"	8	12	25
of which advances received on construction contracts	194	162	86
Total net assets (liabilities) related to construction contracts	(13)	41	84

Advances received from customers on construction contracts correspond to work not yet performed at the year-end.

Excluding advances received, the net asset position related to construction contracts at December 31, 2010, 2009 and 2008 can be analyzed as follows (aggregate amounts for construction contracts in progress at the year-end):

At December 31, in millions of euros	2010	2009	2008
Aggregate amount of costs incurred plus profits recognized (net of any losses recognized)	2,220	1,795	1,515
Progress billings	2,039	1,592	1,345
Net balance excluding advances received	181	203	170
of which "Amounts due from customers on construction contracts"	189	215	195
of which "Amounts due to customers on construction contracts"	(8)	(12)	(25)

Sales at current metal prices recognized in relation to construction contracts at December 31, 2010 amounted to 674 million euros, versus 683 million euros at December 31, 2009 and 759 million euros at December 31, 2008.

At December 31, 2010 there were no significant contingent liabilities relating to construction contracts.

The only significant contingent liability relating to construction contracts at December 31, 2009 concerned a high-voltage submarine cable contract in China for which a provision was set aside in 2010 to cover the amount due under the settlement agreement reached in early 2011 (see **Note 31**). The only significant contingent liability relating to construction contracts at December 31, 2008 concerned a contract to supply and install high-voltage cables in the Middle East but the performance difficulties encountered on this contract were successfully resolved in 2009.

Amounts relating to retention totaled 29 million euros at December 31, 2010, compared with 35 million euros at December 31, 2009 and 27 million euros at December 31, 2008.

Note 17. Inventories and work in progress

At December 31, in millions of euros	2010	2009	2008
Raw materials and supplies	429	315	304
Industrial work in progress	241	191	220
Finished products	450	351	462
Gross value	1,120	857	986
Impairment	(61)	(54)	(64)
Net value	1,059	803	922

Note 18. Trade receivables

At December 31, in millions of euros	2010	2009	2008
Gross value	1,166	993	1,148
Impairment	(40)	(38)	(38)
Net value	1,126	955	1,110

At December 31, 2010, Nexans France had sold 104 million euros worth of euro-denominated trade receivables to a bank as part of a new receivables securitization program set up by the Group in the first half of the year, referred to as the "On Balance Sheet" program (see **Note 26.a**).

As at December 31, 2008, 76 million euros in receivables had been sold to banks, mainly as part of a receivables securitization program set up by Nexans France. This program expired in December 2008 and the arranging bank did not renew it as it had decided to cease this type of activity.

The receivables sold under these programs cannot be derecognized as they do not meet the required criteria under IAS 27 and IAS 39.

Changes in provisions for impairment of trade receivables can be analyzed as follows (see **Note 26.e** for details on the Group's policy for managing customer credit risk):

(in millions of euros)	At Jan. 1	Additions	Utilizations	Reversals	Other (currency translation differences, IFRS 5 requirements)	At Dec. 31
2010	38	6	(2)	(2)	0	40
2009	38	5	(3)	(3)	1	38
2008	37	3	(4)	(1)	3	38

Receivables more than 30 days past due at the year-end and which had not been written down were as follows:

(in millions of euros)	Between 30 and 90 days past due	More than 90 days past due
December 31, 2010	26	32
December 31, 2009	14	20
December 31, 2008	10	14

The overall increase in 2010 in past-due receivables not written down was mainly attributable to the parties concerned postponing settlement of a number of receivables in the high-voltage business, in view of negotiations currently in progress concerning the overall performance of the related contracts. At December 31, 2010 the Group did not consider that these receivables posed a default risk. However, it may decide to set up specific provisions for certain of the underlying performance risks (see **Note 31**).

The remaining receivables past due but not written down mainly relate to leading industrial groups, electricity companies or major resellers. They historically represent an extremely low default rate and are generally located in geographic areas where contractual payment dates are often exceeded.

Note 19. Other current financial assets

At December 31, in millions of euros	2010	2009	2008
Derivative instruments	116	82	76
Cash deposits paid	7	4	140
Short-term financial assets	150	-	-
Other operating receivables	16	23	35
Other non-operating receivables	20	42	18
Other	14	11	51
Gross value	323	162	320
Impairment	(1)	(1)	(1)
Net value	322	162	320

Derivative instruments correspond to foreign exchange derivatives and non-ferrous metal forward contracts whose fair value represented an unrealized gain at the year-end (see **Note 27.a**).

At December 31, 2008, "Cash deposits paid" mainly corresponded to cash deposited to meet margin calls on cash-settled copper forward purchases traded on the LME whose fair value was negative at that date (see **Note 26.d**).

"Short-term financial assets" correspond to instruments with an original term of more than six months which can be combined with interest-rate or credit derivatives in order to improve their yield. These instruments satisfy the Group's counterparty risk criteria but do not meet the conditions required under IAS 7 to be presented in "Cash and cash equivalents". They are, however, included in the calculation of consolidated net debt (see **Note 24**) in view of their low liquidity risk and limited volatility and due to the fact that they form an integral component of the Group's policy for managing surplus cash.

At December 31, 2009, "Other non-operating receivables" primarily included amounts due on the disposal of non-current assets as well as insurance settlements receivable, a portion of which was collected in 2010.

At December 31, 2008, item "Other" included a 29 million euro short-term loan which was repaid during 2009.

Note 20. Cash and cash equivalents

At December 31, in millions of euros	2010	2009	2008
Cash on hand	370	312	202
Money market funds (SICAV)	287	439	171
Commercial paper	-	-	-
Certificates of deposit	138	66	25
Cash and cash equivalents	795	817	398

In addition to cash on hand (corresponding to amounts held in current accounts and deposit accounts with a term of less than three months), the "Cash and cash equivalents" line consists primarily of money market funds (SICAV), commercial paper and certificates of deposit. These investments are short-term (maturing in less than three months), highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited to meet margin calls – which are primarily related to cash-settled copper forward purchases traded on the LME and whose fair value is negative at the year-end – are recorded under "Other current financial assets" rather than "Cash and cash equivalents" (see **Note 19**).

At December 31, 2010, 2009 and 2008, cash and cash equivalents totaling 83 million euros, 70 million euros and 23 million euros respectively were held by legal entities which are subject to certain capital movement restrictions under the applicable local legislation.

Note 21. Equity

a) Composition of capital stock

At December 31, 2010, Nexans' capital stock comprised 28,604,391 fully paid-up shares with a par value of 1 euro each (28,012,928 shares at December 31, 2009 and 27,936,953 shares at December 31, 2008). Including the impact of the 458,192 shares carrying double voting rights, the total number of voting rights was 29,062,583 at December 31, 2010 (28,415,600 at December 31, 2009 and 28,240,569 at December 31, 2008, including the respective impacts of 402,672 and 303,616 shares carrying double voting rights).

b) Dividends

At the Annual Shareholders' Meeting, shareholders will be invited to approve the payment of a dividend of 1.1 euro per share, representing an aggregate payout of 31.5 million euros based on the 28,604,391 shares making up the Company's capital stock at December 31, 2010.

In the event that Nexans holds treasury stock at the time the dividend is paid, the amount corresponding to unpaid dividends on these shares will be appropriated to retained earnings. The total amount of the dividend could be increased in order to reflect the number of additional shares that may be issued between January 1, 2011 and the date of the Annual Shareholders' Meeting called to approve the dividend payment, following the exercise of stock options. Any OCEANE bonds converted between the year-end and the dividend payment date will not entitle their holders to the dividend for the year in which the bonds are converted.

At the Annual Shareholders' Meeting held on May 25, 2010 to approve the financial statements for the year ended December 31, 2009, the Company's shareholders authorized payment of a dividend of 1.0 euro per share – representing a total of 28.1 million euros – which was paid out on June 2, 2010.

At the Annual Shareholders' Meeting held on May 26, 2009 to approve the financial statements for the year ended December 31, 2008, the Company's shareholders authorized payment of a dividend of 2.0 euros per share – representing a total of 55.9 million euros – which was paid out on June 3, 2009.

c) Treasury shares

Nexans did not hold any treasury shares at December 31, 2010, 2009 or 2008. The 420,777 Nexans shares purchased by the Group in the first half of 2008 were cancelled on June 23, 2008.

d) Stock options

At December 31, 2010, there were 1,702,744 stock options outstanding, each exercisable for one newly-issued share, i.e. 5.9% of the Company's capital stock. At December 31, 2009 and 2008, a total of 1,497,525 and 1,593,100 options were outstanding, exercisable for 5.3% and 5.7% of the Company's capital stock respectively.

The stock options issued on February 22, 2008 correspond to the stock option plan initially scheduled for the end of 2007 but postponed to the first quarter of 2008 as a result of the Madeco acquisition.

The options outstanding at December 31, 2010 can be analyzed as follows:

Plan's characteristics

Grant date	Number of options originally granted	Number of options outstanding at the year-end	Exercise price (in euros)	Exercise period
April 4, 2003	644,500	27,200	11.62	From April 4, 2004 ⁽¹⁾ to April 3, 2011
November 16, 2004	403,000	193,250	27.82	From Nov. 16, 2005 ⁽¹⁾ to Nov. 15, 2012
November 23, 2005	344,000	196,391	40.13	From Nov. 23, 2006 ⁽¹⁾ to Nov. 22, 2013
November 23, 2006	343,000	340,000	76.09	From Nov. 23, 2007 ⁽¹⁾ to Nov. 22, 2014
February 15, 2007	29,000	19,000	100.94	From Feb. 15, 2009 ⁽²⁾ to Feb. 14, 2015
February 22, 2008	306,650	296,550	71.23	From Feb. 22, 2009 ⁽¹⁾ to Feb. 21, 2016
November 25, 2008	312,450	297,563	43.46	From Nov. 25, 2009 ⁽¹⁾ to Nov. 24, 2016
March 9, 2010	335,490	332,790	53.97	From March 9, 2011 ⁽¹⁾ to March 8, 2018
Total	2,718,090	1,702,744		

(1) Vesting at a rate of 25% per year.

(2) 50% vesting after two years and the balance vesting at an annual rate of 25% thereafter.

Changes in the number of options outstanding

	Number of options	Weighted average exercise price
Options outstanding at beginning of year	1,497,525	53.68
Options granted during the year	335,490	53.97
Options cancelled during the year	21,275	67.13
Options exercised during the year	108,996	33.79
Options expired during the year	-	-
Options outstanding at year-end	1,702,744	54.84
Of which exercisable at year-end	1,066,804	54.23

Valuation of options

The assumptions applied to value the options impacting income for 2010, 2009 and 2008 were as follows:

Grant date	Nov. 16, 2004	Nov. 23, 2005	Nov. 23, 2006	Feb. 15, 2007
Share price at grant date (in euros)	27.82	40.13	76.09	100.94
Average estimated life of the options	5 years	5 years	5.75 years	4.75 years
Volatility (%)	35.00%	33.00%	30.00%	30.00%
Risk-free interest rate (%)	3.44%	3.04%	3.70%	4.00%
Dividend rate (%)	1.60%	1.50%	1.50%	1.50%
Fair value of the option (in euros)	8.65	11.75	22.79	28.22

Grant date	Feb. 22, 2008	Nov. 25, 2008	March 9, 2010
Share price at grant date (in euros)	71.71	40.59	56.79
Average estimated life of the options*	4.5 to 6 years	4.5 to 6 years	4.5 to 6 years
Volatility (%)	33.00%	38.00%	42.00%
Risk-free interest rate (%)*	3.34%-3.46%	2.72%-2.87%	2.04%-2.54%
Dividend rate (%)	3.13%	4.68%	2.64%
Fair value of the option (in euros)**	19.24-17.44	9.38-8.47	19.71-17.85

* The method used by the Group to value stock options has been fine-tuned for plans issued as from February 22, 2008. Instead of applying an average value per plan, a specific value is calculated for each tranche of the plan based on the estimated life of the corresponding options. This change did not have a material impact on the consolidated financial statements.

** As from the November 25, 2008 plan the valuation also takes into account performance criteria for options granted to members of the Group's Executive Committee.

As from the November 25, 2008 plan, option grants include performance conditions for members of the Group's Executive Committee. These conditions are based partly on movements in Nexans' share price compared with a benchmark index and on the Group's ability to generate positive cash flows. The incorporation of these performance conditions did not have a material impact on the valuation of the stock options concerned. The options granted to beneficiaries other than members of the Executive Committee do not have performance conditions attached but simply require the beneficiary to still be a member of the Group when the options are exercised.

The estimated life of the options was determined taking into account tax laws applicable to option beneficiaries. The volatility rate used was determined based on the historic volatility of Nexans' share price over a reference period. The options vest by tranches of 25% per year over a four-year period from the grant date, except for the February 15, 2007 plan where half of the options vested after a two-year period, with the remainder vesting over the following two years at a rate of 25% per year.

The fair value of stock options is recorded as a payroll expense on a straight-line basis from the grant date to the end of the vesting period, with a corresponding adjustment to equity. A 5.0 million euro stock option expense was recognized in the 2010 income statement (4.6 million euros and 5.5 million euros in 2009 and 2008 respectively) (see **Note 4**).

e) Put options granted to non-controlling interests

Nexans' commitment to buy the minority shareholdings in Liban Câbles is considered as a financial liability under IAS 32.

Consequently, since December 31, 2005, this put option has been recognized in financial liabilities in the amount of 4 million euros, with a corresponding 1 million euro adjustment to non-controlling interests. The 3 million euro balance has been recognized as goodwill in accordance with the accounting policy described in **Note 1.1**. In 2010 the purchase commitment under this put was raised from a 7% interest in Liban Câbles to a 10% interest, which led to a 2 million euro increase in the related financial liability with a corresponding adjustment to non-controlling interests.

A similar accounting treatment was applied at December 31, 2007 to the put option granted to minority shareholders in Multinacional Trade relating to Nexans' acquisition of the remaining 30% of that company's capital. This put option, which is valid for three years (expiring in the first quarter of 2011), was initially recognized as follows: (i) 2 million euros under goodwill, (ii) 3 million euros under financial liabilities, and (iii) the balance of 1 million euros under non-controlling interests. The goodwill was written down in full in 2010 (see **Note 7**).

Dividends paid on the shares underlying these put options granted to non-controlling interests are treated as additional purchase consideration and are added to goodwill in accordance with the accounting policies described in **Note 1.1**.

f) Equity component of the OCEANE convertible/exchangeable bonds

In accordance with IAS 32, the portion of the OCEANE bonds issued in July 2006 and June 2009 that corresponds to the value of the options embedded in the instruments is recorded under "Retained earnings and other reserves" within equity, representing pre-tax amounts of 33.5 million euros and 36.9 million euros respectively (see **Note 24.c**).

See **Note 9.c** for further information on the related tax impact.

g) Employee share ownership plan

On February 10, 2010 Nexans launched a new employee share ownership plan, announcing an employee rights issue involving a maximum of 500,000 shares. The settlement-delivery of the shares took place on August 5, 2010 and resulted in the issuance of 482,467 new shares, representing an aggregate amount of 19.5 million euros. The 2 million euro expense relating to this plan was recognized during the first half of 2010 and includes the impact of valuing the lock-up period applicable to plans in countries where it was possible to set up a corporate mutual fund (see **Note 2.a**).

In 2007, Nexans announced its intention to carry out an employee rights issue involving the issuance of a maximum of 500,000 shares to members of a Nexans Group employee share ownership plan. This issue – which was postponed to the first quarter of 2008 – resulted in the issuance of 91,925 new shares on March 28, 2008, and the related expense (including the impact of valuing the lock-up period) was just under 1 million euros.

Note 22. Pensions and other retirement benefit obligations

There are a large number of retirement plans in place within the Group:

- In France, each Group employee is eligible for state pension plans and is entitled to a statutory retirement bonus paid by the employer. For historical reasons, certain employees are also members of a defined benefit supplementary pension plan, which has been closed to new entrants since 2005. In addition, the French members of the Group's Executive Committee have a top-hat defined benefit pension plan (see **Note 30**).
- In other countries, pension plans are subject to local legislation, and to the business and historical practices of the subsidiary concerned. Nexans takes care to ensure that the assets of its main active pension plans approximate the value of the underlying obligations. The majority of unfunded defined benefit plans have been closed.

Main assumptions

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans (notably the discount rate and inflation rate) are determined by the Group Consolidation Department, in conjunction with the Group's actuary and his network of correspondents in each country concerned. Specific assumptions, such as for staff turnover and salary increases, are set on a per-company basis, taking into consideration local job market trends and forecasts specific to each entity.

The rates used for the main countries concerned are listed below (together, these countries represent over 95% of the Group's pension obligations at December 31, 2010).

	Discount rate	Estimated future salary increases	Expected long-term rate of return on plan assets
2010			
Germany	4.60%	2.00%	N/A
Australia	5.25%	4.00%	4.60%
Canada	5.50%	3.50%	7.00%
United States	5.60%	3.50%	7.00%
France	4.60%	2.64%	4.00%
Norway	3.75%	3.75%	4.50%
Switzerland	2.70%	2.25%	3.50%
2009			
Germany	4.90%	3.00%	N/A
Australia	5.50%	3.50%	4.70%
Canada	5.50%	4.00%	7.00%
United States	5.75%	3.50%	7.00%
France	4.90%	2.50%	4.00%
Norway	4.25%	4.00%	4.25%
Switzerland	3.10%	2.25%	4.00%
2008			
Germany	5.90%	3.00%	N/A
Australia	4.75%	2.50%	6.50%
Canada	6.40%	4.00%	7.00%
United States	7.20%	4.00%	7.00%
France	5.90%	2.50%	4.00%
Norway	4.25%	4.25%	5.10%
Switzerland	3.10%	2.25%	4.00%

The discount rates applied were determined as follows:

- a) By reference to market yields on high-quality corporate bonds (rated AA or above) in countries or currency zones where there is a deep market for such bonds. Where there is no deep market for high-quality corporate bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments under a plan, the discount rate is determined by extrapolating market rates on bonds with shorter maturities along the yield curve. This approach was used to determine the discount rates for pension plans in the eurozone, Canada, the United States and Switzerland.
- b) By reference to market yields on government bonds with similar maturities to those of the benefit payments under the pension plans concerned in countries or currency zones where there is no deep market for high-quality corporate bonds (including for bonds with short maturities). This approach was used to determine the discount rates applicable in Norway and Australia.

The target long-term rate of return on plan assets was estimated taking into account the composition of the portfolio and the maturity of the assets. A reference target long-term rate of return is determined for each category of assets. A target rate of return is then defined on this basis for each plan by reference to the specific allocation of plan assets. The target rates of return by category of asset are as follows:

- Equities: discount rate +2.5%
- Bonds and other fixed income products: discount rate
- Real estate: discount rate +2.5%
- Cash and cash equivalents: inflation rate
- Other: discount rate or insurance rate when this is guaranteed.

Principal movements

(in millions of euros)	2010	2009	2008
Retirement costs for the year*			
Service cost	(18)	(16)	(17)
Interest cost	(35)	(35)	(34)
Expected return on plan assets	18	15	19
Past service cost	(1)	(1)	(1)
Amortization of actuarial gains and losses	(6)	(5)	(18)
Effect of curtailments and settlements	7	0	(2)
Supplementary retirement benefits	-	(0)	-
Impact of asset ceiling	(1)	-	15
Net cost for the year	(36)	(42)	(37)
Of which: operating cost	(19)	(21)	(22)
finance cost	(17)	(21)	(15)

* As from 2010, the items disclosed in this Note also include the Group's obligations relating to jubilee benefits and other long-term employee benefits as defined in IAS 19.

(in millions of euros)	2010	2009	2008
Valuation of benefit obligation*			
Present value of benefit obligation at January 1**	774	716	744
Service cost	18	16	17
Interest cost	35	35	34
Employee contributions	2	2	2
Plan amendments	6	1	5
Business acquisitions and disposals	-	-	0
Plan curtailments and settlements	(16)	(9)	(1)
Benefits paid	(56)	(61)	(57)
Actuarial (gains)/losses	15	34	(13)
Other (exchange differences)	61	27	(15)
Present value of benefit obligation at December 31	839	762	716

* As from 2010, the items disclosed in this Note also include the Group's obligations relating to jubilee benefits and other long-term employee benefits as defined in IAS 19.

** At January 1, 2010 the Group's defined benefit obligation relating to jubilee benefits and other long-term employee benefits amounted to 12 million euros.

(in millions of euros)	2010	2009	2008
Plan assets			
Fair value of plan assets at January 1	362	324	379
Expected return on plan assets	18	15	19
Actuarial gains/(losses)	12	21	(63)
Employer contributions	29	22	24
Employee contributions	2	2	2
Business acquisitions and disposals	-	0	(1)
Plan curtailments and settlements	(2)	(6)	-
Benefits paid	(31)	(34)	(31)
Other (exchange differences)	52	18	(5)
Fair value of plan assets at December 31	442	362	324

(in millions of euros)	2010	2009	2008
Funded status*			
Present value of wholly or partially funded benefit obligations	(526)	(450)	(425)
Fair value of plan assets	442	362	324
Funded status of benefit obligation	(84)	(88)	(101)
Present value of unfunded benefit obligation	(313)	(311)	(291)
Benefit obligation net of plan assets	(397)	(399)	(392)
Unrecognized actuarial (gains)/losses	86	88	75
Unrecognized past service cost	9	4	5
Unrecognized surplus (due to asset ceiling)	(1)	(0)	-
Net provision recognized	(303)	(306)	(312)
Of which: pension assets	21	3	4
amount relating to discontinued operations	-	-	-

* As from 2010, the items disclosed in this Note also include the Group's obligations relating to jubilee benefits and other long-term employee benefits as defined in IAS 19.

(in millions of euros)	2010	2009	2008
Change in net provision*			
Net provision recognized at January 1**	319	312	325
Expense/(Income) recognized in the income statement	36	42	37
Utilization	(54)	(49)	(50)
Other impacts (exchange differences, acquisitions/disposals, etc.)	2	1	(0)
Net provision recognized at December 31	303	306	312
Of which: pension assets	21	3	4
amount relating to discontinued operations	-	-	-

* As from 2010, the items disclosed in this Note also include the Group's obligations relating to jubilee benefits and other long-term employee benefits as defined in IAS 19.

** The net amount at January 1, 2010 set aside for the Group's obligation for jubilee benefits and other long-term employee benefits was 12 million euros.

Retirement costs in 2010

The effect of plan settlements in 2010 related mainly to the cancellation of early retirement plans in Norway as a result of reforms to the statutory pension system, which had a 7 million euro positive impact in the income statement. The new early retirement plan has been accounted for in the 2010 consolidated financial statements as a multi-employer plan for which sufficient information is not available to use defined benefit accounting (in accordance with IAS 19).

The application of IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction had a 1 million euro impact on the 2010 income statement (corresponding to an additional expense), due to minimum funding requirements in Canada.

The 6 million euros in amortization of actuarial losses recorded in 2010 related to the corridor effect (see **Note 1.t**), and breaks down as follows:

- 3 million euros for the Group's Norwegian subsidiary
- 1 million euros each for the Canadian, Australian and French subsidiaries.

Movements in the benefit obligation and plan assets

The year-on-year increase in actuarial losses between 2009 and 2010 was chiefly due to the overall reduction in the discount rates applied. Actuarial gains and losses generated on the Group's benefit obligation can be analyzed as follows:

Breakdown of actuarial gains and losses on benefit obligation	2010*		2009		2008	
	in millions of euros	% of DBO	in millions of euros	% of DBO	in millions of euros	% of DBO
(Gains)/Losses from plan amendments	-	0%	-	0%	-	0%
Discount rate	31	4%	43	6%	(20)	3%
Salary increases	(0)	0%	(2)	0%	(4)	1%
Mortality	1	0%	(0)	0%	0	0%
Staff turnover	0	0%	(0)	0%	(0)	0%
Other	0	0%	(9)	1%	4	1%
(Gains)/Losses from changes in assumptions	32	4%	32	4%	(20)	3%
(Gains)/Losses from experience adjustments	(17)	2%	3	0%	10	1%
Other	0	0%	0	0%	(2)	0%
Total (Gains)/Losses generated during the year	15	2%	34	5%	(13)	2%

* As from 2010, the items disclosed in this Note also include the Group's obligations relating to jubilee benefits and other long-term employee benefits as defined in IAS 19.

Experience adjustments in 2010 chiefly related to actuarial gains recorded (i) in Germany as a result of the pension obligation not being revalued during the year, and (ii) in Switzerland due to a lower-than-assumed reduction in the number of plan beneficiaries.

The Group's portfolio of plan assets breaks down as follows:

	2010		2009		2008	
	in millions of euros	%	in millions of euros	%	in millions of euros	%
At December 31						
Equities	138	31%	125	35%	92	28%
Bonds and other fixed income products	181	41%	153	42%	147	45%
Real estate	57	13%	35	10%	34	10%
Cash and cash equivalents	29	7%	26	7%	27	8%
Other	37	8%	22	6%	24	8%
Fair value of plan assets at December 31	442	100%	362	100%	324	100%

The following table provides a five-year breakdown of the present value of the Group's benefit obligation, the fair value of plan assets and the impact of experience adjustments.

At December 31, in millions of euros	2010*	2009	2008	2007	2006
Fair value of plan assets at December 31	442	362	324	379	387
Present value of benefit obligation at December 31	839	762	716	744	775
(Gains)/Losses from experience adjustments	(17)	3	10	(2)	9

* As from 2010, the items disclosed in this Note also include the Group's obligations relating to jubilee benefits and other long-term employee benefits as defined in IAS 19.

Sensitivity analyses

The present value of the Group's obligation for pension and other retirement benefits is sensitive to changes in discount rates. A 25 basis point decrease in the discount rates applied would have the following impacts on the present value of the Group's obligation:

	2010		2009		2008	
	in millions of euros	% of DBO	in millions of euros	% of DBO	in millions of euros	% of DBO
Europe	20	2.9%	17	2.7%	18	3.0%
North America	3	3.0%	3	2.9%	3	3.0%
Asia	0	2.0%	0	1.7%	0	2.0%
Other countries	0	2.4%	0	1.2%	0	2.0%
Total	24	2.9%	20	2.7%	21	2.9%

The present value of the Group's obligation for pension and other retirement benefits is also sensitive to changes in inflation rates. Depending on the type of plan concerned, changes in inflation rates can affect both the level of future salary increases and the amounts of annuity payments. A 25 basis point increase in the inflation rates used would have the following impacts on the present value of the Group's benefit obligation (assuming that the discount rates applied remain constant):

	2010		2009		2008	
	in millions of euros	% of DBO	in millions of euros	% of DBO	in millions* of euros	% of DBO
Europe	10	1.4%	10	1.6%	N/A	-
North America	0	0.3%	0	0.1%	N/A	-
Asia	0	2.0%	0	4.0%	N/A	-
Other countries	0	0.5%	0	1.7%	N/A	-
Total	10	1.3%	11	1.4%	N/A	-

* Not available

As the Group has a significant amount of plan assets, the assumptions concerning their expected long-term rate of return have an impact on the finance cost recognized in relation to pension and other retirement benefits. A 100 basis-point decrease in the rate-of-return assumptions applied to each category of assets would have the following impacts on the Group's pension expense for 2010 and projected expense for 2011.

(in millions of euros)	2011	2010
Europe	(3)	(3)
North America	(1)	(1)
Asia	(0)	(0)
Other countries	(0)	(0)
Total	(4)	(4)

Other information

Employer contributions relating to defined benefit plans are estimated at 20 million euros for 2011.

Other retirement benefits for which the Group's employees are eligible correspond to defined contribution plans under which the Group pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense. The amount of contributions paid in relation to defined contribution plans in 2010 (including employer statutory pension contributions) was 69 million euros (60 million euros in 2009 and 64 million euros in 2008).

Note 23. Provisions

a) Analysis by nature

At December 31, in millions of euros	2010	2009	2008 adjusted*
Accrued contract costs	41	42	50
Restructuring provisions	75	90	27
Other provisions	34	37	31
Total	150	169	108
Of which short-term	92	120	65
Of which long-term	58	49	43

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see Note 11).

Movements in these provisions were as follows during 2010, 2009 and 2008:

(in millions of euros)	Total	Accrued contract costs	Restructuring provisions	Other provisions
January 1, 2008	97	51	32	14
Additions	43	17	22	4
Reversals (utilized provisions)	(37)	(9)	(27)	(1)
Reversals (surplus provisions)	(18)	(10)	(1)	(7)
Business combinations*	21	0	-	21
Other	2	1	1	-
December 31, 2008 adjusted*	108	50	27	31
Additions	127	8	112	7
Reversals (utilized provisions)	(47)	(7)	(38)	(2)
Reversals (surplus provisions)	(20)	(10)	(4)	(6)
Business combinations	-	-	-	-
Other	1	1	(7)	7
December 31, 2009	169	42	90	37
Additions	75	12	57	6
Reversals (utilized provisions)	(62)	(7)	(51)	(4)
Reversals (surplus provisions)	(26)	(9)	(8)	(9)
Business combinations	-	-	-	-
Other	(6)	3	(13)	4
December 31, 2010	150	41	75	34

* Taking into account the fair value adjustments made following the completion of the initial accounting for the Madeco and Intercond acquisitions (see Note 11).

The above provisions have not been discounted as the effect of discounting would not have been material.

Provisions for accrued contract costs are primarily set aside by the Group as a result of its contractual responsibilities, particularly relating to customer warranties, loss-making contracts and penalties under commercial contracts (see Note 31). They do not include provisions for construction contracts in progress, as expected losses on these contracts are recognized as contract costs in accordance with the method described in Note 1.g.

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate based on information available at the previous period-end (including provisions for expired customer warranties).

Line "Other" includes the impact of fluctuations in exchange rates as well as reclassifications of restructuring provisions that correspond to provisions for impairment of assets to the appropriate line of the statement of financial position.

b) Analysis of restructuring costs

Restructuring costs amounted to 67 million euros in 2010, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements*	Other monetary expenses	Total
Additions to provisions for restructuring costs	31	18	8	57
Reversals of surplus provisions	(1)	(6)	(1)	(8)
Other costs for the year	5	-	13	18
Total restructuring costs	35	12	20	67

* Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

“Other monetary expenses” primarily correspond to costs for cleaning up, dismantling and/or maintaining sites as well as for reallocating assets within the Group.

As was the case in previous years, all of the restructuring plans set up by the Group in 2010 included assistance measures negotiated with employee representative bodies and, where appropriate, the relevant authorities, aimed at reducing the impact of the plans on the employees concerned.

The 67 million in restructuring costs for 2010 relates to a total of 570 employees and chiefly corresponds to provisions set aside for plans to close two cable manufacturing plants (Latina in Italy and Lorena in Brazil) which mainly serve the energy infrastructure market.

- The Group’s infrastructure cable business in Italy rarely managed to break even in the past ten years, despite various corporate restructurings and major injections of funds. In spite of a one-off order from ENEL in the first half of 2010 as part of the Italian recovery plan, the ongoing falloff in orders by power network operators – both in the local market and internationally (especially in Spain) – left the group no alternative but to decide to definitively close the site. The closure will affect a total of 155 employees. Production will be transferred to other Group plants in Europe – notably Battipaglia in southern Italy – in order to keep up the services offered within the country.
- In Brazil, the steep falloff in the overhead power lines market – which is the main production market for the Lorena site – combined with Nexans’ overcapacity for copper cables as a result of plants it acquired from the Madeco group in 2008, led the Group to continue to implement the capacity reduction measures begun following its decision in first-half 2009 to merge the two Nexans entities operating in Brazil. Following the closure of the Lorena plant – which employed around 300 people – the Group’s production capacity in Brazil will be combined on the two remaining sites without losing any coverage of existing markets. In view of customer constraints, the plan will be implemented on a gradual basis and will be completed in the first half of 2011.

The total 67 million euros in restructuring costs recorded in 2010 includes 18 million euros corresponding to routine closure expenses for discontinued operations, particularly in France, Italy and Brazil which do not meet the recognition criteria for provision. These expenses include items such as (i) the salaries of employees working out their notice period, (ii) the cost of redeploying manufacturing assets or retraining employees within the Group, and (iii) the cost of maintaining sites beyond the dismantlement period or the originally expected sale date.

In 2009, restructuring costs came to 119 million euros, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements	Other monetary expenses	Total
Additions to provisions for restructuring costs	89	12	11	112
Reversals of surplus provisions	(4)	-	-	(4)
Other costs for the year	4	-	7	11
Total restructuring costs	88	12	18	119

The majority of the assets affected by these restructuring plans and not redeployed within the Group were written down following impairment tests performed in prior years. "Other monetary expenses" primarily correspond to costs for cleaning up and dismantling sites as well as for reallocating assets.

The restructuring plans announced in 2009 involved approximately 1,800 people and represented an aggregate cost of 119 million euros. The plans mainly related to Europe and North America.

- The restructuring measures undertaken in Europe in 2009 either resulted in downsizing plans (particularly in the "Industry" and "Building" operating segments in Germany, France, Greece and Spain) or site closures. The Vacha plant in Germany which manufactured and sold products for the Building market was closed in late September 2009 after several unsuccessful attempts to turn the business around. The automotive cable manufacturing plant based in Arad in Romania also ceased production in the second half of 2009.

In France, the continuous casting and wire-drawing plant in Chauny was closed in the third quarter of 2009 as production capacity largely exceeded Nexans' internal requirements in an industry generally suffering from overcapacity. This closure should enable Nexans' metallurgy operations to return to breakeven in France and Europe thanks to a better spread of production workload between the different manufacturing facilities.

- In North America, the Group decided to close its Quebec plant in view of this facility being unable to return to a satisfactory level of performance following the nine-month strike that took place there in 2006 and 2007. Another deciding factor for the closure was the steep falloff in demand resulting from the real estate crisis. Part of the plant's production equipment has been redeployed to existing sites at Weyburn and Chester.

In 2008, 22 million euros were set aside in provisions to cover restructuring plans launched during the year. These plans – which affected a total of 184 people – mainly concerned the reorganization of the Group's operations in Ireland (involving the closure of the Athlone production site) and, to a lesser extent, in Germany and Spain. This 22 million euro provision expense included 4 million euros to cover costs that did not represent future cash outflows, such as asset impairment losses and the scrapping of inventories.

Note 24. Net debt

At December 31, 2010, 2009 and 2008, the Group's long-term debt was rated BB+ by Standard & Poor's with a stable outlook.

a) Analysis by nature

At December 31, in millions of euros	2010	2009	2008
Bonds redeemable in 2017*	360	359	359
OCEANE 2016 convertible/exchangeable bonds*	190	180	-
OCEANE 2013 convertible/exchangeable bonds*	300	287	274
Other long-term borrowings*	10	14	44
Short-term borrowings*	217	111	248
Short-term bank loans and overdrafts	12	7	10
Gross debt	1,089	958	934
Short-term financial assets	(150)	-	-
Cash and cash equivalents	(795)	(817)	(398)
Net debt	144	141	536

* Including accrued interest (long- and short-term).

At December 31, 2010 the Group's bond debt included:

- OCEANE convertible/exchangeable bonds issued on June 23, 2009 with the following main features:
 - 4,000,000 bonds were issued with a nominal value of 53.15 euros each, representing an aggregate amount of 213 million euros.
 - The issue price represented a premium of 30% over the reference share price of 40.89 euros on the issue date.
 - The bonds are redeemable at par at maturity on January 1, 2016 but the bondholders may request that the bonds be redeemed in advance on January 1, 2015.
 - The bonds bear interest at an annual rate of 4%.

In accordance with IAS 32, the portion of these OCEANE bonds corresponding to the value of the conversion option at the issue date has been included in equity, in a pre-tax amount of 36.9 million euros (see **Note 24.c**). See **Note 9.c**. for details of the related tax impact.

- Nexans' first bond issue carried out on May 2, 2007, representing an aggregate nominal amount of 350 million euros. The bonds – whose issue price was 99.266% – are redeemable on May 2, 2017 and bear interest at an annual rate of 5.75%.
- The OCEANE bonds issue carried out in July 2006, representing an aggregate nominal amount of 280 million euros. The issue comprised 3,794,037 bonds, each with a nominal value of 73.8 euros, bearing interest at an annual rate of 1.5% and redeemable at a price of 85.76 euros per bond on January 1, 2013 (corresponding to an aggregate 325 million euros).

In accordance with IAS 32, the portion of these OCEANE bonds corresponding to the value of the conversion option at the issue date has been included in equity, in a pre-tax amount of 33.5 million euros (see **Note 24.c**). See **Note 9.c**. for details of the related tax impact.

The indentures for all of the above bonds contain standard covenants (negative pledge, cross-default, pari passu and change of control clauses), which if breached could accelerate redemption of the bonds.

Since the second quarter of 2010, short-term borrowings have included a securitization program set up by Nexans France involving the sale of euro-denominated trade receivables, which was contractually capped at 70 million euros at December 31, 2010 (see **Note 26.a**).

"Short-term financial assets" correspond to instruments with an original term of more than six months which can be combined with interest-rate or credit derivatives in order to improve their yield. These instruments satisfy the Group's counterparty risk criteria but do not meet the conditions required under IAS 7 to be presented in "Cash and cash equivalents" and are therefore included in "Other current financial assets" in the statement of financial position (see **Note 19**). They are, however, included in the calculation of consolidated net debt in view of their low liquidity risk and limited volatility and due to the fact that they form an integral component of the Group's policy for managing surplus cash.

Cash deposited to meet margin calls related to cash-settled copper forward purchases traded on the LME whose fair value is expected to be negative at a particular year-end are recorded under "Other current financial assets" rather than "Cash and cash equivalents" (see **Note 19**).

b) Change in net debt

(in millions of euros)	2010	2009	2008
Net debt at beginning of year	(141)	(536)	(290)
(Increase)/decrease in net debt	(14)	395	(229)
Newly-consolidated/deconsolidated companies	11	-	(17)
Impact of assets and groups of assets held for sale (IFRS 5)	0	-	-
Net debt at year-end	(144)	(141)	(536)

c) OCEANE convertible/exchangeable bonds

The Group has carried out two issues of OCEANE convertible/exchangeable bonds which mature on January 1, 2013 and January 1, 2016 respectively (see **Note 24.a**).

In accordance with IAS 32 (see **Note 1.aa**), the portion of these OCEANE bonds corresponding to the value of the conversion option was included in equity in pre-tax amounts of 33.5 million euros (OCEANE 2013) and 36.9 million euros (OCEANE 2016) at the issue date.

Statement of financial position

At December 31, in millions of euros	2010	2009	2008
Equity component (retained earnings and other reserves)*	70	70	34
Convertible bond (liability component)	414	414	242
Accrued interest	76	53	32
Amount recognized as debt	490	467	274

Income statement

(in millions of euros)	2010	2009	2008
Contractual interest paid	(13)	(9)	(4)
Additional interest calculated at interest rate excluding the option**	(20)	(15)	(12)
Total financial expense	(33)	(24)	(16)

* Before tax (see **Note 9.c** for details of the related tax impact).

** Calculated using the effective interest method.

d) Analysis of gross debt by currency and interest rate

Long-term debt (including accrued interest)

At December 31	Weighted average EIR* (%)			In millions of euros		
	2010	2009	2008	2010	2009	2008
Euro (OCEANE 2016 convertible/ exchangeable bonds)	8.48	8.48	-	190	180	-
Euro (OCEANE 2013 convertible/ exchangeable bonds)	6.23	6.23	6.23	300	287	274
Euro (bonds redeemable in 2017)	5.95	5.95	5.95	360	359	359
Euro (excluding OCEANE bonds and bonds redeemable in 2017)	4.71	4.39	N/A	2	7	9
US dollar	7.68	7.66	4.81	1	4	27
Other	7.36	6.62	6.49	7	3	8
Total	6.62	6.56	5.94	860	840	677

* Effective interest rate.

Over 98% of the Group's medium- and long-term debt is at fixed interest rates.

Short-term debt (excluding accrued interest on long-term debt)

At December 31	Weighted average EIR* (%)			In millions of euros		
	2010	2009	2008	2010	2009	2008
Euro	1.44	2.89	4.53	65	7	86
US dollar**	4.26	3.73	4.57	40	27	52
Other	8.17	6.80	12.65	124	84	120
Total	5.58	5.89	8.32	229	118	258

* Effective interest rate.

** US dollar denominated debt primarily concerns subsidiaries located in South America, the Middle East and Asia.

The vast majority of the Group's short-term debt is at variable rates based on monetary indices (see **Note 26.b**).

The decrease in 2009 in short-term debt denominated in euros chiefly reflects the termination of Nexans France's receivables securitization program in late 2008, which was replaced in the first half of 2010 by a new arrangement referred to as the "On Balance Sheet" program. The receivables sold under both of these programs have not been derecognized (see **Note 26.a**).

The high effective interest rate in 2008 on short-term debt denominated in currencies other than the euro and the US dollar reflected the increased weighting of debt in local currencies in high-inflationary countries, particularly as a result of the Madeco acquisition. The decrease in the effective interest rate for these currencies in 2009 and 2010 was mainly due to lower local interest rates and a reduction in the amount of debt held by certain subsidiaries in emerging economies.

e) Analysis by maturity (including accrued interest)

Since October 1, 2008 Nexans Services, a wholly-owned subsidiary of Nexans, has been responsible for the Group's centralized cash management system. However, in its capacity as parent company, Nexans SA still carries out the Group's long-term bond issues.

Nexans Services monitors changes in the liquidity facilities of the holding companies as well as the Group's overall financing structure on a weekly basis (see paragraph f below and **Note 26.a**).

In view of Nexans' available short-term liquidity facilities and long-term debt structure, the Group's debt maturity schedule set out below is presented on a medium- and long-term basis.

Maturity schedule at December 31, 2010

	Due within 1 year		Due in 1 to 5 years		Due beyond 5 years		Total	
(in millions of euros)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Bonds redeemable in 2017	-	20	-	81	350	40	350	141
OCEANE 2013 convertible/ exchangeable bonds	-	4	325	9	-	-	325	13
OCEANE 2016 convertible/ exchangeable bonds	-	9	213	34	-	-	213	43
Other long-term borrowings	-	-	10	1	-	-	10	1
Short-term borrowings including short-term bank loans and overdrafts	228	6	-	-	-	-	228	6
Total	228	39	548	125	350	40	1,126	204

Notes concerning the preparation of the maturity schedule:

- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material at the level of Nexans.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2010.
- It has been assumed that the nominal amounts of short-term borrowings including short-term bank loans and overdrafts will be fully repaid at regular intervals throughout 2011.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on December 31, 2010 spot interest rates for variable-rate borrowings.

f) Committed credit facilities

At December 31, 2010, 2009 and 2008, Nexans and its subsidiaries had access to 580 million euros under a committed medium-term revolving facility expiring on October 16, 2012, none of which had been drawn down.

The syndicated revolving credit facility agreement is subject to standard covenants (negative pledge, cross default, pari passu and change of control clauses) as well as financial ratio covenants (net debt/EBITDA <2.95, and net debt/equity including non-controlling interests <1.15). These ratios were well within the specified limits at both December 31, 2010 and at the date the Board of Directors approved the financial statements.

If any of the revolving facility covenants were breached, any undrawn credit lines would become unavailable and any amounts outstanding would be repayable, either immediately or after a cure period of thirty days depending on the nature of the breach.

Note 25. Other current financial liabilities

At December 31, in millions of euros	2010	2009	2008
Derivative instruments	48	30	275
Other operating liabilities	33	43	78
Other non-operating liabilities	16	20	21
Other	0	3	2
Total	97	96	376

Derivative instruments correspond to foreign exchange derivatives and non-ferrous metal forward contracts whose fair value represented an unrealized loss at the year-end (see **Note 27.a**).

The majority of these liabilities are payable within 12 months of the period-end.

Note 26. Financial risks

Liquidity, foreign exchange and interest rate risks are managed by Nexans Services, a wholly-owned Nexans subsidiary that oversees the Group's financing and treasury operations. Risks relating to non-ferrous metals are managed by the Group Metals Management Department. Both Nexans Services and the Metals Management Department report to the Group Finance Department.

Where permitted by local regulations, Group subsidiaries' foreign exchange and interest rate risks are managed on a centralized basis and their access to liquidity is managed through a cash pooling system. Similarly, the use of derivatives for hedging risks relating to metal prices is managed centrally where permitted by local regulations, except for hedges set up in Australia and New Zealand due to the time difference between Europe and these countries. Newly-acquired subsidiaries are included within this system on a gradual basis.

The key subsidiaries that did not have access to the centralized cash management system at December 31, 2010 are located in Turkey, Egypt, Morocco, China, Korea, Vietnam, Peru, Chile, Argentina and Colombia. These subsidiaries, which have their own banking partners, are nevertheless subject to Group procedures regarding (i) their choice of banks; (ii) foreign exchange and interest rate risk management; and (iii) hedging non-ferrous metal risks.

a) Liquidity risks

Group financing

The Group has a centralized cash management system which pools the liquidity resources of the member entities of the cash pool, enabling optimal use of these resources as subsidiaries' bank account balances in the eleven main currencies are transferred to the Group's central cash pooling accounts. Since October 1, 2008, financing for Nexans' operating subsidiaries has been primarily provided through Nexans Services, which covered 84%, 85% and 80% of these subsidiaries' financing requirements at December 31, 2010, 2009 and 2008 respectively.

In 2010, the Group continued to diversify its sources of financing. Following on from the issue of its seven-year convertible bonds in June 2009 representing an aggregate amount of 213 million euros, in April 2010 Nexans set up a receivables securitization program. The program's maximum term is five years and the amount of receivables that may be sold has been capped at 250 million euros. Two of the Group's operating subsidiaries currently use the program, which comprises two distinct but complementary sub-programs:

- An "On Balance Sheet" program, under which the sold receivables are not derecognized. The level of outstandings under this program is currently contractually capped at 70 million euros worth of receivables, which the purchaser is committed to buy over an initial period of two and a half years.
- An "Off Balance Sheet" program renewable every six months, under which the sold receivables are derecognized. The level of outstandings under this program is currently contractually capped at 25 million euros.

At December 31, 2010, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were 58 million euros and 19 million euros respectively. Details of the receivables sold under the "On Balance Sheet" program are provided in **Note 18**. For the "Off Balance Sheet" program, as the related subordinated deposit was not material the amount of financed receivables approximated the amount of sold receivables.

Monitoring and controlling liquidity risks

Nexans Services monitors on a weekly basis changes in its own cash position and financing structure, as well as those of the Group's main holding companies. Nexans Services also monitors Nexans' overall liquidity position via a weekly reporting schedule that gives the cash position of the Group and each of its subsidiaries. In addition, subsidiaries are required to provide monthly cash-flow forecasts which are compared to actual cash-flow figures on a weekly basis.

Bank borrowings taken out by subsidiaries that are not part of the centralized cash management system must be approved in advance by Nexans Services and may not have maturity dates exceeding 12 months, unless express authorization is obtained.

The key liquidity indicators monitored by the Group Finance Department are (i) the unused amounts of credit facilities granted to the Group; and (ii) available cash and cash equivalents. The table below sets out the Group's liquidity facilities at December 31, 2010:

Main liquidity indicators for the Group at December 31, 2010

(in millions of euros)	Ceiling	Utilization	Available amount
Unconfirmed facilities			
Commercial paper program	500	0	N/A ⁽²⁾
Nexans Services unconfirmed bank lines	200	0	200
Cash pooling overdraft	112	0	112
Confirmed facilities			
Syndicated revolving facility	580	0	580
Convertible bonds redeemable in 2013 ⁽¹⁾	280 ⁽³⁾	280 ⁽³⁾	0
Ordinary bonds redeemable in 2017 ⁽¹⁾	350	350	0
Convertible bonds redeemable in 2016 ⁽¹⁾	213	213	0
Total confirmed facilities	1,423	843	580
Short-term financial assets included in net debt			150
Cash and cash equivalents			795

(1) Nominal amount including the conversion option where applicable.

(2) In view of market conditions this commercial paper program is not considered to be currently available.

(3) If the bonds are not converted they will be redeemable at maturity at a price representing 116.2% of their nominal value, corresponding to an aggregate amount of 325 million euros (see **Note 24.a**).

The Group also monitors its net debt position on a monthly basis (see **Note 24** for definition of net debt).

Covenants and acceleration clauses

The agreement relating to the 580 million euro revolving facility referred to in **Note 24.f** contains certain financial ratio covenants which are described in the same note. The Group is not subject to any other financial ratio covenants. This revolving facility agreement, together with the indentures for the OCEANE 2013 bonds, the OCEANE 2016 bonds and the ordinary bonds redeemable in 2017, also contain standard covenants (negative pledge, cross default, pari passu and change of control clauses), which if breached could accelerate repayment of the revolving facility or the bond debt.

The receivables securitization programs set up in 2010 do not include any acceleration clauses. However, they do contain change of control and cross default clauses as well as clauses relating to significant changes in the behavior of the portfolio of the sold receivables, which could lead to a termination of the receivables purchases and consequently the programs themselves.

Management of cash surpluses

The Group's policy for investing cash surpluses is guided by the overriding principles of ensuring sufficient availability and using safe investment vehicles. The banks considered by the Group as acceptable counterparties must be rated at least A+/A1 by Standard & Poor's and A1/P1 by Moody's, or must be majority-owned by the government of their home country (which must be either an EU member, Canada or the United States).

At December 31, 2010 Nexans' cash surpluses were invested in:

- money-market mutual funds (OPCVM) which are not exposed to changes in interest rates and whose underlying assets are investment-grade issues by both corporations and financial institutions, and
- term deposits, certificates of deposits or EMTNs issued by banks with an initial investment period of less than one year.

At December 31, 2010, a portion of the Group's cash surpluses was invested in instruments with original terms of more than six months which can be combined with interest-rate or credit derivatives in order to improve their yield. These instruments meet the Group's counterparty risk criteria and are included in "Other current financial assets" in the statement of financial position (see **Note 19**). They are still included in the calculation of consolidated net debt (see **Note 24**) in view of their low liquidity risk and limited volatility and due to the fact that they form an integral component of the Group's policy for managing surplus cash.

b) Interest rate risk

Nexans did not have any interest rate hedges in place at December 31, 2010, 2009 or 2008. The Group considers that its financing structure does not expose it to specific interest rate risks in view of the following factors:

- The vast majority of Nexans' medium- and long-term debt is at fixed rates. At December 31, 2010 the bulk of this debt corresponded to the OCEANE 2013 and 2016 bonds and the ordinary bonds redeemable in 2017.
- All of the Group's short-term debt is at variable rates based on monetary indices (EONIA, Euribor or Libor). Fixed-rate debt with original maturities of less than one year is considered as variable-rate debt. Short-term cash investments are also at variable rates, which limits the Group's net exposure to changes in interest rates. The Group's net active exposure to fluctuations in interest rates was 719 million euros at December 31, 2010, 699 million euros at December 31, 2009 and 141 million euros at December 31, 2008.

At December 31, in millions of euros	2010			2009			2008		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Variable rate									
Financial liabilities	226	2	228	118	2	120	258	26	283
Financial assets included in net debt	(150)	-	(150)	-	-	-	-	-	-
Cash and cash equivalents	(795)	-	(795)	(817)	-	(817)	(398)	-	(398)
Net variable rate position	(719)	2	(717)	(699)	2	(697)	(141)	26	(115)
Fixed rate									
Financial liabilities*	29	832	861	22	816	838	17	634	651
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Net fixed rate position	29	832	861	22	816	838	17	634	651
Net debt	(690)	834	144	(677)	818	141	(124)	660	536

* Including the short-term portion of accrued interest on long-term debt.

c) Foreign exchange risk

Risks relating to operating cash flows

The Group's sensitivity to foreign exchange risk on operating cash flows is considered to be moderate due to its operational structure, whereby the majority of Nexans' subsidiaries have a very strong local presence except in the high-voltage business.

US dollar exposure on purchases of copper and, to a lesser extent, aluminum is tracked as part of the Group's overall metals risk management strategy.

Nexans hedges its foreign exchange risk on cash flows relating to foreseeable contractual commercial transactions as well as to certain forecast transactions. The foreign exchange operations arising from this hedging activity may result in certain positions being kept open. Where this happens, the positions are limited in terms of amount and tenor.

Certain bids are made in a currency other than that in which the entity concerned operates. Foreign exchange risks arising on these bids are not systematically hedged, which could generate a gain or a cost for the Group if there is a significant change in the exchange rate between the date when the bid is presented and the date it is accepted by the customer. However, in such

cases, the Group takes steps to reduce its potential risk by applying expiration dates to its bids and by incorporating the foreign exchange risks into the price proposal.

Foreign exchange risk is identified at the level of the Group's operating subsidiaries, whose treasurers set up hedges using forward currency transactions. For subsidiaries that are members of the central cash management system these transactions are carried out with Nexans Services. Other subsidiaries enter into forward currency transactions with their local banks. The objective of these transactions is for operating cash flows to be denominated in the functional currency of the entity concerned.

Risks relating to debt

The Group considers that it only has low exposure to foreign exchange risk on debt. Nevertheless, the monthly currency risk assessments reported by Nexans' subsidiaries not only include information on their operating cash flows as mentioned above but also systematically contain details of their financial liabilities denominated in foreign currencies. In accordance with the Group's procedures, this foreign exchange risk exposure on debt is hedged in the same way as exposure to risk on commercial transactions in foreign currencies.

When Nexans Services – whose cash inflows are primarily in euros – sets up loans to subsidiaries in currencies other than the euro, the related foreign exchange risk is systematically hedged using swaps (involving a spot purchase and simultaneous forward sale), which are renewed at each interest repricing date for the loans granted. When such loans are denominated in currencies whose interest rates are higher than those applicable for the euro, the backwardation on the forward currency transaction is offset by the higher interest rate received by Nexans Services.

Verifying the correct application of procedures

The Group verifies that its procedures for managing foreign exchange risk are properly applied by means of monthly reports provided to Nexans Services by all subsidiaries exposed to this type of risk, irrespective of whether or not they are part of the centralized cash management system. The reports contain details on the subsidiaries' balance sheet positions as well as firm and estimated future cash flows in each currency and the related hedges that have been put in place.

In addition, Nexans Services has set up an on-site audit system for the subsidiaries whereby representatives of Nexans Services conduct visits to ensure that the relevant procedures have been properly understood and applied. Lastly, the Internal Audit Department also systematically reviews the proper application of procedures relating to the identification and hedging of foreign exchange risks during its audit engagements carried out at the Group's subsidiaries.

Net position at December 31, 2010

The table below sets out the exchange risk exposure on all of the Group's assets, liabilities and future commitments denominated in foreign currencies (except for unconfirmed bids in progress), as well as the nominal amount of forward foreign currency purchases and sales outstanding at December 31, 2010 for all of the Group's subsidiaries.

The main currencies that present a foreign exchange risk for the Group are the US dollar, the euro and the Norwegian krone. Foreign currency assets and liabilities that are denominated in the local entity's functional currency are not included in the table below, as they do not generate any foreign exchange risk.

Foreign exchange risk exposure at December 31, 2010

(in millions of foreign currency units)	USD	NOK	EUR
- Trade receivables	220	12	47
- Trade payables	(317)	(13)	(63)
- Bank accounts	61	21	4
- Loans/(Borrowings)	(29)	(1,032)	(191)
- Commitments/(Future cash flows)	(180)	(33)	356
Total exposure	(245)	(1,044)	153
- Net nominal amount of hedges	(1)	1,005	(191)
Residual net exposure	(246)	(39)	(38)

The Group's residual net exposure to foreign exchange risks at December 31, 2010 was primarily attributable to the fact that (i) borrowings deemed to form an integral part of the net investment in a foreign operation are not hedged (see **Note 1.d**); (ii) the Group has US dollar-denominated financial liabilities in countries whose currencies are strongly correlated to the US dollar; and (iii) the Group has euro- or US dollar-denominated debt in countries where the cost of hedging is prohibitive.

The risk of foreign exchange gains or losses affecting the income statement is therefore either nil or negligible for the borrowings/liabilities referred to in (i) and (ii) above.

Foreign currency translation risk

Up until December 31, 2007 the Group's main foreign currency translation risk related to the translation of the net assets and profit or loss of its subsidiaries based in US dollar zones. This risk was not hedged as Group Management considered it to be limited. However, the acquisition of the Madeco group's cables business in late September 2008 has increased the Group's exposure to foreign currency translation risk, particularly concerning the Brazilian real (BRL), the Chilean peso (CLP) and the US dollar.

Therefore, at times the Group may hedge the translation risk relating to its net investment in the subsidiaries concerned (i.e., the net assets of these entities as well as borrowings that qualify as a net investment in a foreign operation as defined in **Note 1.d**). These hedges are set up on a very specific and localized basis, given the risks involved in terms of treasury, the type of hedges available and local market conditions such as liquidity and cost factors. Overall foreign currency translation risk is regularly monitored by the Group Finance Department.

d) Metal price risks

The Group's policy for managing non-ferrous metal risks is defined and overseen by the Group Metals Management Department and is implemented by the subsidiaries that purchase copper, aluminum and, to a lesser extent, lead. The Group's main exposure to metal price risk arises from fluctuations in copper prices.

Market trends in 2010

The markets were extremely nervous in 2010 and copper prices returned to their upward trend in the second half of the year.

- In the space of twelve months, the price of copper on the London Metal Exchange rose by more than 30%, from 7,342 US dollars per metric ton at December 31, 2009 to 9,650 US dollars at end-2010. This represents a 2,308 US dollar increase per metric ton for the year as a whole and a 3,582 US dollar increase per metric ton compared with the year's low of 6,068 US dollars reached in early June 2010. The year-on-year rise was amplified by a stronger US dollar, with the dollar to euro exchange rate standing at 1.34 at end-2010 versus 1.44 at end-2009. Copper prices expressed in euros jumped 41%, from 5,096 euros per metric ton at December 31, 2009 to 7,222 euros per metric ton at end-2010.

The average spot price for copper on the London Metal Exchange in 2010 was 7,539 US dollars per metric ton, which represented a significant increase on the 5,164 US dollar average price per metric ton for 2009 and was also slightly higher than the 7,097 US dollar average price for 2008. Expressed in euros, this average price came in at 5,683 euros for 2010, up more than 50% on the 3,669 euros per metric ton average for 2009 and 20% higher than the 2008 average of 4,730 euros per metric ton.

The overall rise between 2009 and 2010 occurred in tandem with a gradual increase in "producer" premiums, reflecting a slight tension on the physical market for copper towards the end of the year.

- The US dollar price of copper was extremely volatile throughout the year, as illustrated by the difference between the high and low figures each month, which averaged out at almost 800 US dollars, based on official market rates.

Impact on operating margin

In order to offset the consequences of the volatility of non-ferrous metal prices (copper and, to a lesser extent, aluminum and lead), Nexans' policy is to pass on metal prices in its own selling price, and hedge the related risk either by setting up a physical hedge or by entering into futures contracts on the London, New York and, to a lesser extent, Shanghai, metal exchanges. Nexans does not generate any income from speculative trading of metals.

However, the Group's production units require a permanent level of metal inventories which is referred to as Core exposure. Core exposure represents the minimum amounts that are necessary for the production units to operate appropriately. Consequently, the quantities of metal corresponding to Core exposure are not hedged and are recorded within operating margin based on initial purchase cost (which is close to LIFO value). Therefore, any reduction (via sales) in volume of Core exposure due to (i) structural changes in the sales and operating flows of an entity or (ii) a significant change in the business levels of certain operations, can impact the Group's operating margin. This was the case in both 2010 and 2009 when the measures implemented by the Group to continue to structurally scale back its inventory levels, combined with the restructuring plans put in place and the closure of certain production sites, resulted in a significant reduction in Core exposure volumes in a number of Group subsidiaries (61,000 metric tons at December 31, 2010 versus 69,000 metric tons at December 31, 2009 and 83,000 metric tons at December 31, 2008).

In addition, the Group's operating margin is still partially exposed to fluctuations in non-ferrous metal prices for certain product lines, such as copper cables for cabling systems and building sector products. In these markets, any changes in non-ferrous metal prices are generally passed on in the selling price, but with a time lag that can impact margins. The fierce competition in these markets also affects the timescale within which price increases are passed on.

As with foreign exchange risk, the risk of fluctuations in copper and other metal prices is not systematically hedged for bids that are awaiting a response from the customer (see **paragraph c.)** above on foreign exchange risk).

Verifying the correct application of procedures

Nexans verifies that its procedures for managing and hedging metal risks are correctly applied by means of a monthly reporting system which details each legal entity's exposure to copper and aluminum risk in both tonnage and value terms. The related reports are analyzed and consolidated at Group level by the Group Metals Management Department.

Impact on financing needs

Fluctuations in copper and aluminum prices have a significant knock-on impact on the Group's financing needs, as a rise in copper prices implies an increase in working capital requirement. Conversely, a sharp decrease in the price of copper will significantly reduce working capital requirement and be profitable to the Group, as was the case in 2008.

In the event of a fall in non-ferrous metal prices the positive impact on the Group's net debt resulting from the decrease in operating working capital requirement may be temporarily offset either in full or in part by the negative impact of (i) margin calls and (ii) the time lag between when the Group pays its suppliers and when customers settle their invoices. The inverse effect arises in the event of an increase in metal prices:

- Nexans protects itself against fluctuations in metal prices between the date of an order and the related delivery date either by setting the metal purchase price with a supplier or by purchasing contracts on metals exchanges. In the latter case, if prices drop sharply and rapidly, the fair value of hedging instruments becomes negative and the credit limits granted to the Group's subsidiaries by their counterparties become insufficient. In such situations, subsidiaries are required to deposit cash with the broker which has set up the hedge. The Group recognizes the sums paid to meet these margin calls as short-term financial assets and does not include them in cash and cash equivalents (see **Note 19**). When the related contracts expire the hedge kicks in by offsetting with a loss the gain generated by the Group on its physical purchase of copper at a lower price.
- As the Group generally pays its copper suppliers more quickly than customers settle their invoices, the positive impact of any decrease in copper prices on the Group's financing needs will only be fully felt when the trade receivables portfolio has completed a full cycle and therefore only includes invoices drawn up on the basis of the new copper price.

At December 31, 2008 the aggregate amount deposited by the Group to meet margin calls was 140 million euros. These margin calls did not represent material amounts either at December 31, 2010 or December 31, 2009 due to the strong increase in non-ferrous metal prices during those years (as the Group was in a net buyer position).

The Group's main copper commitments

At December 31, 2010, 2009 and 2008 the Group's main copper exposures (a key indicator tracked by Management) were as follows:

(at December 31, in metric tons)	2010	2009	2008
Cash settlement obligations			
- Purchases	79,860	68,501	117,883
- Sales	20,282	11,087	15,532
Physical settlement obligations			
- Purchases*	111,324	113,200	127,445
- Sales	111,602	100,992	140,443

* Excluding purchases negotiated as part of Take or Pay contracts whose price was not set at the year-end, but including inventories whose price was set at the year-end (these inventories include Core exposure).

In accordance with its risk management policy described above, the Group enters into physically-settled contracts only for operational purposes (for the copper component of customer or supplier orders) and uses cash-settled contracts only for hedging purposes (LME, Comex or SHFE traded contracts). Nexans' main subsidiaries document their hedging relationships in compliance with the requirements of IAS 39 relating to cash flow hedges.

The fair value of outstanding derivative instruments used by the Group to hedge the risk of fluctuations in copper and other non-ferrous metal prices (cash settlement obligations) is presented in **Note 27.a**. The majority of the unrealized gains and losses on these instruments are recognized directly in equity as substantially all of them are classified as arising on cash flow hedges (see **Note 1.bb**).

e) Credit risk

In addition to customer credit risk, counterparty risk arises primarily on foreign exchange and non-ferrous metal derivatives.

Customer credit risk

Nexans is structurally protected against customer credit risk due to its diverse business and customer base and its wide geographic reach. At December 31, 2010, 2009 and 2008 no single customer represented more than 5% of the Group's total outstanding receivables.

The Group also applies an active policy for managing and reducing its exposure to customer credit risk:

- For certain export markets Nexans systematically uses secure payment methods including downpayments on orders, progress payments, and irrevocable letters of credit confirmed by banks approved by Nexans Services.
- Nexans has also set up a short-term credit insurance policy for sales in local and export markets as coverage against non-recovery of customer receivables. Taken out with the specialist international insurer, Coface, and renewed in 2010, this policy covers Nexans companies which accounted for around 80% of Group sales at the year-end. By agreement with the insurer, certain customers are excluded from the credit insurance policy as they represent a very low risk of default over the short term.

As part of its insurance coverage, Coface provides Nexans with access to a database of information on each customer's credit risk. This enables each unit to monitor customer outstandings in relation to the insured credit limits, and in the event of default, to restrict the impact on cash flow and income to (i) any excess over the capped amounts stipulated in the policy; and (ii) the policy deductible (usually 10% of the insured amount). Any overruns on insured amounts are periodically reviewed by the Country Managers and their financial controllers.

Provisions for impairment in value of trade receivables have remained stable over the past few years (see **Note 18**), reflecting the fact that the Group has only a low level of default risk on its trade receivables, which it closely controls.

Foreign exchange derivatives

For all subsidiaries that are members of the central cash management system, foreign exchange transactions are carried out with Nexans Services, which in turn hedges its positions with banks. In order to keep counterparty risk as low as possible, Nexans only authorizes such transactions with banks that have medium and long-term ratings of at least A+ from Standard & Poor's and A1 from Moody's. For other subsidiaries, the same criteria apply but exceptions may be made for subsidiaries located in countries with sovereign ratings that are below the specified thresholds. In this case, the subsidiaries concerned must carry out transactions involving a counterparty risk with agencies or subsidiaries of banking groups whose parent company satisfies the above risk criteria.

Counterparty risk for subsidiaries that are not members of the centralized cash management system is regularly monitored by Nexans Services, via a monthly reporting schedule that states the overall volume of external commitments made by each of these subsidiaries in relation to foreign exchange hedges.

For the Group's main subsidiaries that are exposed to foreign exchange risk (both members and non-members of the centralized cash management system), outstanding forward purchases of foreign currency represented a notional amount of 2,863 million euros at December 31, 2010, while unexpired forward sales amounted to 2,859 million euros (see **Note 27.b**).

For transactions managed by Nexans Services, at December 31, 2010 outstanding forward purchases of foreign currency represented a notional amount of 2,408 million euros and unexpired forward sales amounted to 2,402 million euros, representing around 84% of the Group's total commitments at that date (compared with 80% at December 31, 2009 and 85% at December 31, 2008). The counterparty risk on these transactions is deemed to be low as the commitments are mainly divided between six counterparties with ratings of between AA/Aa1 and A+/Aa3.

Based on a breakdown by maturity of notional amounts (the sum of the absolute values of notional amounts of buyer and seller positions), the Group's main exposure for all subsidiaries is to very short-term maturities (see **Note 27.d**):

- less than 6 months: 73%
- between 6 months and 1 year: 12%
- beyond 1 year: 15%⁽¹⁾

The fair value of these outstanding positions at December 31, 2010 is presented in **Note 27.a**.

Metal derivatives

Non-ferrous metal hedging transactions carried out on commodity exchanges give rise to a counterparty risk. Nexans conducts transactions on the LME, COMEX and, to a limited degree, on the SHFE. Transactions on these organized markets are used to hedge the Group's copper, and to a lesser extent, aluminum and lead risks. Substantially all of the transactions are standard buy and sell trades. The Group does not generally use metal options. However, option transactions were carried out in 2010 at the request of a customer but they were very few in number, represented low volumes and covered a short time period.

Access to organized commodities markets is centralized by the Metals Management Department which performs the transactions on behalf of substantially all of the Group's subsidiaries apart from – at December 31, 2010 – the Group's Chinese, Australian and New Zealand subsidiaries.

The Group has limited exposure to counterparty risk on transactions managed centrally on behalf of subsidiaries as they are chiefly carried out with five brokers, four of which are banks or subsidiaries of banks that are rated A+/Aa3 or higher, and the other being a subsidiary of an insurance company. For the insurance company subsidiary the Group has been given a 20 million US dollar guarantee from the parent company which is rated A/Baa2.

In Australia and New Zealand, Olex carries out transactions with an Australian broker because of the country's specific price references and its time zone. This broker complies with the Group's credit rating requirements. The Group's subsidiaries in China hedge their metals risks on the Shanghai Futures Exchange (SHFE) which can only be used by local brokers.

The net nominal amount of outstanding futures contracts (for all subsidiaries) stood at 446 million euros at December 31, 2010 and their fair value was positive at that date due to the rise in metal prices at the end of the year and the fact that the Group was in a net buyer position (see **Note 27.b** for further information on these notional amounts). At December 31, 2010, transactions managed centrally on behalf of subsidiaries represented 92% of this total (411 million euros), versus 91% at December 31, 2009 and 88% at December 31, 2008.

(1) The longest maturities are in 2014 and represent only 0.8% of the overall outstanding amount.

As shown in the following maturity schedule for outstanding non-ferrous metal contracts at December 31, 2010 (for all subsidiaries), the Group's exposure on these instruments is mostly short-term, which also helps to limit the level of counterparty risk (based on net notional amounts, the majority of the Group's subsidiaries being in a buyer position):

- less than 6 months: 56%
- between 6 months and 1 year: 24%
- 1 to 2 years: 19%
- 2 to 3 years: 1%
- beyond 3 years: 0%

Outstanding collateral deposited to meet margin calls from brokers did not represent a material amount at December 31, 2010 (see **Note 19**).

f) Market risk sensitivity analysis

A sensitivity analysis is provided below on the impact that a theoretical change in the abovementioned main market risks would have on consolidated income and equity.

Sensitivity to interest rates

Main assumptions:

- The Group's long-term debt is at fixed rates (convertible bonds and ordinary bonds redeemable in 2017). Because only short-term borrowings are generally at variable rates the sensitivity analyses have been calculated on this basis.
- The Group's other financial assets and liabilities (excluding net debt) are only sensitive to changes in interest rates in exceptional cases as they mostly have short-term maturities. The related impact is therefore not deemed to be material for the purposes of this analysis.
- Changes in interest rates do not directly impact consolidated equity as the Group does not use any interest rate derivatives that are designated as cash flow hedges.

Based on these assumptions, a 50 basis-point increase in interest rates (excluding the spread) would have had the following impacts on the Group's net financial expense for 2010 (with all other factors remaining constant, notably exchange rates):

	Weighted average effective interest rate for gross short-term debt (see Note 24.d)	Average short-term net debt (in millions of euros)	Short-term net debt at year-end (in millions of euros)	Impact on financial expenses/(income) (in millions of euros) Average net debt	Impact on financial expenses/(income) (in millions of euros) Year-end net debt
December 31, 2010					
Euro	1.44%	(530)	(559)	(2.63)	(2.79)
US dollar	4.26%	(29)	(19)	(0.15)	(0.09)
Other	8.17%	(138)	(139)	(0.69)	(0.69)
Group total*		(697)	(716)	(3.47)	(3.57)

* Sign convention: financial income and net cash positions are presented in parentheses.

The average short-term net debt assumption used for this sensitivity analysis is based on the average of the external net debt positions for the Group's subsidiaries in each of the currencies concerned at January 1, June 30, and December 31, 2010.

Sensitivity to changes in copper prices

Fluctuations in copper prices can impact both consolidated income and equity as well as the Group's financing needs⁽¹⁾.

A rise in copper prices would result in:

- An increase in working capital requirement and therefore financing needs (the short-term positive impact of margin calls is not taken into account in the sensitivity analysis).
- A rise in the fair value of the Group's portfolio of cash-settled copper derivatives (the Group is a net buyer).
- A revaluation of the Group's Core exposure.

A rise in working capital requirement would increase the Group's financial expenses.

An increase in the fair value of cash-settled copper derivatives would positively affect either consolidated operating income or equity based on the accounting treatment used for these derivative instruments (the derivatives of the Group's main subsidiaries are designated as cash flow hedges within the meaning of IAS 39).

A revaluation of the Group's Core exposure would positively affect consolidated operating income.

The simulation below is based on the following assumptions (with all other assumptions remaining unchanged, notably exchange rates):

- A 10% increase in copper prices at December 31, 2010 and translation of this impact evenly across the entire price curve without any distortion of forward point spreads.
- All working capital requirement components (inventories, and the copper component of trade receivables and payables) would be impacted by the increase in copper prices.

- 108,000 metric tons, 95,000 metric tons and 110,000 metric tons of copper included in working capital requirement at December 31, 2010, 2009 and 2008 respectively.
- Short-term interest rate (3-month Euribor) of 1.0%, 0.7% and 2.9% respectively in 2010, 2009 and 2008.
- A worst-case scenario, in which the increase in working capital requirement would be constant throughout the year, leading to an annualized increase in financial expenses (not taking into account the temporary positive impact of margin calls).
- 61,000 metric tons of copper classified as Core exposure at December 31, 2010 (69,000 metric tons at December 31, 2009 and 83,000 metric tons at December 31, 2008).
- A theoretical income tax rate of 34.43%.

The impact of changes in copper prices on both impairment in value of the Group's non-current assets (in accordance with IAS 36) and the provision for impairment of inventories has not been taken into account in this simulation as it is impossible to identify a direct linear effect.

(in millions of euros)	2010	2009	2008
Impact on operating income	39	37	35
Impact on net financial expense	(1)	(0)	(1)
Net impact on income (after tax)	25	24	22
Impact on equity* (after tax)	27	14	30

* Excluding net income for the period.

(1) Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

Sensitivity to the US dollar exchange rate

- The US dollar is the main foreign currency to which the Group is exposed.
- The simulation below is based on a 10% decrease in the US dollar spot rate against the world's other major currencies compared with the rates prevailing at December 31, 2010, 2009 and 2008, e.g., using US dollar/euro exchange rates of 1.47, 1.59 and 1.53 respectively, without any changes in the forward points curve.
- The main impacts on the consolidated financial statements stem from the revaluation of the Group's portfolio of derivative instruments. The impact on equity related to designated cash flow hedges and the impact on income have been separated out. This revaluation effect is offset by the revaluation of underlying US dollar positions in (i) the Group's trade receivables and trade payables portfolios and (ii) net debt.
- The Group's other financial assets and liabilities are rarely subject to foreign exchange risk and have therefore not been included in this simulation.
- Foreign currency translation impacts have likewise not been taken into account in the following calculations.

Sensitivity at December 31, 2010 (in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	(10)	N/A
Bank accounts	(3)	N/A
Trade payables	14	N/A
Loans/borrowings	(3)	4
Net position – USD underlyings	(2)	4
Portfolio of forward purchases***	(17)	(14)
Portfolio of forward sales***	19	13
Net position – USD derivatives	2	(1)
Net impact on the Group	0	3

* Excluding net income for the period.

** Using a theoretical income tax rate of 34.43%.

*** Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity at December 31, 2009 (in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	(10)	N/A
Bank accounts	(2)	N/A
Trade payables	9	N/A
Loans/borrowings	(6)	4
Net position – USD underlyings	(9)	4
Portfolio of forward purchases***	(5)	(11)
Portfolio of forward sales***	19	15
Net position – USD derivatives	14	4
Net impact on the Group	5	8

* Excluding net income for the period.

** Using a theoretical income tax rate of 34.43%.

*** Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity at December 31, 2008 (in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	(9)	N/A
Bank accounts	(1)	N/A
Trade payables	7	N/A
Loans/borrowings	1	0
Net position – USD underlyings	(2)	-
Portfolio of forward purchases***	(21)	(12)
Portfolio of forward sales***	25	34
Net position – USD derivatives	4	22
Net impact on the Group	2	22

* Excluding net income for the period.

** Using a theoretical income tax rate of 34.43%.

*** Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity to the Norwegian krone

- The Norwegian krone (NOK) is an essential counterparty currency used in contracts for high-voltage submarine cables.
- The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% fall in the Norwegian krone spot against the world's other major currencies), e.g., using closing NOK/euro exchange rates of 8.58, 9.13 and 10.72 at December 31, 2010, 2009 and 2008 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2010 (in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	(0)	N/A
Bank accounts	(0)	N/A
Trade payables	(1)	N/A
Loans/borrowings	9	-
Net position – NOK underlyings	8	-
Portfolio of forward purchases***	(5)	19
Portfolio of forward sales***	(1)	(43)
Net position – NOK derivatives	(6)	(24)
Net impact on the Group	2	(24)

* Excluding net income for the period.

** Using a theoretical income tax rate of 34.43%.

*** Forward purchases and sales that comprise an exposure to NOK.

Sensitivity at December 31, 2009 (in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	1	N/A
Bank accounts	(1)	N/A
Trade payables	(0)	N/A
Loans/borrowings	5	-
Net position – NOK underlyings	5	-
Portfolio of forward purchases***	(2)	10
Portfolio of forward sales***	(1)	(31)
Net position – NOK derivatives	(3)	(22)
Net impact on the Group	2	(22)

* Excluding net income for the period.

** Using a theoretical income tax rate of 34.43%.

*** Forward purchases and sales that comprise an exposure to NOK.

Sensitivity at December 31, 2008 (in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	1	N/A
Bank accounts	0	N/A
Trade payables	(0)	N/A
Loans/borrowings	1	-
Net position – NOK underlyings	2	-
Portfolio of forward purchases***	1	10
Portfolio of forward sales***	(3)	(36)
Net position – NOK derivatives	(2)	(26)
Net impact on the Group	0	(26)

* Excluding net income for the period.

** Using a theoretical income tax rate of 34.43%.

*** Forward purchases and sales that comprise an exposure to NOK.

Note 27. Derivative instruments

a) Fair value

The fair value of the derivative instruments used by the Group to hedge foreign exchange risk and the risk associated with fluctuations in non-ferrous metal prices is presented in the following table:

At December 31, in millions of euros	2010	2009	2008
Assets			
Foreign exchange derivatives – Cash flow hedges*	21	24	36
Metal derivatives – Cash flow hedges*	71	38	2
Foreign exchange derivatives – Held for trading*	18	10	36
Metal derivatives – Held for trading*	5	10	2
Sub-total - Assets	116	82	76
Liabilities			
Foreign exchange derivatives – Cash flow hedges*	18	11	65
Metal derivatives – Cash flow hedges*	3	5	163
Foreign exchange derivatives – Held for trading*	25	11	31
Metal derivatives – Held for trading*	2	3	16
Sub-total – Liabilities	48	30	275

* Within the meaning of IAS 32/39

These amounts have been included in “Other current financial assets” (see **Note 19**) and “Other current financial liabilities” (see **Note 25**) in the consolidated statement of financial position since January 1, 2005. Derivatives primarily comprise forward purchases and sales.

For derivatives qualified as cash flow hedges, the opening and closing positions in the statement of financial position cannot be directly reconciled with amounts recorded in equity under “Changes in fair value and other” as certain positions may notably be rolled over while retaining the cash flow hedge accounting qualification.

b) Notional amounts

Notional amounts of metal derivatives

The table below sets out the notional amounts of metal derivative contracts, broken down by currency and converted into euros based on the rate prevailing at December 31, 2010.

At December 31, in millions of euros	2010				
	USD	NOK	EUR	Other	Total
Notional amounts – Buyer positions					
Metal derivatives – Cash flow hedges*	238	-	244	40	522
Metal derivatives – Held for trading*	8	-	34	33	75
Sub-total – Notional amounts – Buyer positions	246	-	278	73	597
Notional amounts – Seller positions					
Metal derivatives – Cash flow hedges*	16	-	83	9	108
Metal derivatives – Held for trading*	10	-	11	22	43
Sub-total – Notional amounts – Seller positions	26	-	94	31	151

* Within the meaning of IAS 32/39.

Notional commitments on metal derivatives for 2010, 2009 and 2008 are summarized below:

(in millions of euros)	2010	2009	2008
Notional amounts – Buyer positions	597	378	297
Notional amounts – Seller positions	(151)	(31)	(23)
Net metal derivatives positions*	446	347	274

* Sign convention: Net buyer positions are presented as positive amounts and net seller positions are presented as negative amounts.

Notional amounts of foreign exchange derivatives

The table below sets out the notional amounts of foreign exchange derivative contracts, broken down by currency and converted into euros based on the rate prevailing at December 31, 2010. Each forward purchase or sale contract has been divided into a notional amount for its short leg (the nominal amount of the currencies that will be delivered by the Group) and a notional amount for its long leg (the nominal amount of currencies that will be received by the Group).

At December 31, in millions of euros	2010				
	USD	NOK	EUR	Other	Total
Notional amounts – Buyer positions					
Foreign exchange derivatives – Cash flow hedges*	341	801	482	155	1,780
Foreign exchange derivatives – Held for trading*	214	155	433	281	1,083
Sub-total – Notional amounts – Buyer positions	555	956	916	436	2,863
Notional amounts – Seller positions					
Foreign exchange derivatives – Cash flow hedges*	332	383	689	363	1,768
Foreign exchange derivatives – Held for trading*	271	45	283	491	1,091
Sub-total – Notional amounts – Seller positions	603	428	973	855	2,859

* Within the meaning of IAS 32/39. The notional amounts presented under "Foreign exchange derivatives – Cash flow hedges" represent the notional amounts of derivatives qualified as hedges at the inception of the instrument.

Notional commitments on foreign exchange derivatives for 2010, 2009 and 2008 are summarized below:

(in millions of euros)	2010	2009	2008
Notional amounts – Buyer positions	2,863	1,738	2,235
Notional amounts – Seller positions	(2,859)	(1,725)	(2,260)
Net foreign exchange derivatives positions*	4	13	(25)

* Sign convention: Net buyer positions are presented as positive amounts and net seller positions are presented as negative amounts.

c) Breakdown of the income statement impact of derivatives

The following tables provide a breakdown of the income statement impact of derivatives in 2010, 2009 and 2008.

2010 (in millions of euros)	Gains and losses on derivatives held for trading*	Gains and losses on cash flow hedges recycled to income*	Fair value hedges*			Total income statement impact
			Underlying	Derivative	Ineffectiveness*	
Metal derivatives	(4)	75	-	-	(0)	71
Foreign exchange derivatives	(30)	0	-	-	(1)	(31)
Interest rate derivatives	1	-	-	-	-	1
Total	(33)	75	-	-	(1)	41

* Within the meaning of IAS 32/39.

2009 (in millions of euros)	Gains and losses on derivatives held for trading*	Gains and losses on cash flow hedges recycled to income*	Fair value hedges*			Total income statement impact
			Underlying	Derivative	Ineffectiveness*	
Metal derivatives	14	10	-	-	(0)	24
Foreign exchange derivatives	1	3	-	-	3	7
Interest rate derivatives	-	-	-	-	-	-
Total	15	13	-	-	3	31

* Within the meaning of IAS 32/39.

2008 (in millions of euros)	Gains and losses on derivatives held for trading*	Gains and losses on cash flow hedges recycled to income*	Fair value hedges*			Total income statement impact
			Underlying	Derivative	Ineffectiveness*	
Metal derivatives	(11)	(13)	-	-	(0)	(24)
Foreign exchange derivatives	(10)	25	-	-	8	23
Interest rate derivatives	-	-	-	-	-	-
Total	(21)	12	-	-	8	(1)

* Within the meaning of IAS 32/39.

Analysis:

- Metal derivatives: The Group has only had the required documentation in place to qualify metal derivatives as cash flow hedges since November 1, 2006. This documentation policy has since been gradually extended to additional entities throughout the Group and now the majority of the instruments used to hedge Nexans' metal flows qualify for cash flow hedge accounting. Previously, all metal derivatives were classified as financial assets/liabilities held for trading.

All realized gains and losses on metal derivatives including recycled gains and losses on metal cash flow hedges are recorded within operating margin. Unrealized gains and losses on metal derivatives classified as held for trading, as well as on the ineffective portion of derivatives accounted for as cash flow hedges, are reported on a specific line of the income statement called "Changes in fair value of non-ferrous metal derivatives".

- Foreign exchange derivatives: Gains and losses on cash flow hedges relating to commercial transactions that are recycled to the income statement are included in operating

margin. All other unrealized and realized gains and losses relating to foreign exchange derivatives are recorded either under (i) "Cost of debt (gross)" if they relate to a component of net debt (and if they are clearly identified as such in the Group's upstream information systems), or (ii) "Other financial expenses".

Foreign exchange derivatives classified as held for trading primarily correspond to:

- Economic hedges of assets and liabilities denominated in foreign currencies, in which case the impact of their spot component on the income statement is offset by the revaluation of the underlying assets and liabilities at the year-end closing rates (see **Note 28.b**). Derivatives initially designated as cash flow hedges lose this accounting qualification when the invoice for the underlying hedged item is issued.
- Hedges of future transactions that are not designated as cash flow hedges.

The ineffective portion of foreign exchange derivatives primarily corresponds to the forward points, as the cash flows in the hedging relationship are generally calculated only using spot rates.

- Interest rate derivatives: Interest rate derivatives are not material at Group level as a result of the risk management policy described in **Note 26.b** above. Any impact of these derivatives is recorded in "Cost of debt (gross)" in the income statement.

d) Term of derivatives

The following tables set out the maturity schedules for all of the Group's foreign exchange and metal derivatives outstanding at December 31, 2010, 2009 and 2008, irrespective of whether they qualified for hedge accounting at the period-end. The majority of these instruments have short-term maturities.

Foreign exchange derivatives

The maturity schedule of foreign exchange derivatives based on their fair values was as follows at December 31, 2010, 2009 and 2008:

(in millions of euros)	2010		2009		2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Within 1 year	37	38	32	19	60	64
Between 1 and 2 years	1	4	3	3	12	24
Between 2 and 3 years	1	1	0	0	1	8
Between 3 and 4 years	-	0	-	0	-	1
Between 4 and 5 years	-	-	-	-	-	-
Beyond 5 years	-	-	-	-	-	-
Total	39	43	35	22	73	97

The maturity schedule based on the notional amounts of these derivatives was as follows at December 31, 2010 and 2009:

(in millions of euros)	2010		2009	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,432	2,433	1,587	1,575
Between 1 and 2 years	227	228	133	132
Between 2 and 3 years	180	174	15	15
Between 3 and 4 years	24	24	3	3
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
Total	2 863	2 859	1 738	1 725

Metal derivatives

As the Group systematically reverses its positions when metal derivatives expire, fair values are the best estimate of future net cash flows at the period-end.

(in millions of euros)	2010		2009		2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Within 1 year	63	5	40	6	4	146
Between 1 and 2 years	11	-	7	1	0	29
Between 2 and 3 years	2	-	0	-	-	4
Between 3 and 4 years	0	-	0	-	-	0
Between 4 and 5 years	-	-	-	-	-	0
Beyond 5 years	-	-	-	-	-	0
Total	76	5	47	7	4	179

Note 28. Additional disclosures concerning financial instruments

a) Categories of financial assets and liabilities

The Group has defined the following main categories of financial assets and liabilities:

IAS 39 category		Fair value hierarchy level	Carrying amount at Dec. 31, 2010	Accounting treatment under IAS 39				Fair value at Dec. 31, 2010
				Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	
At December 31, in millions of euros								
Assets								
Available-for-sale securities	Available-for-sale financial assets	N/A	20	X	✓	X	X	20
Commercial receivables								
- Amounts due from customers on construction contracts	Loans and receivables	N/A	189	✓	X	X	X	189
- Trade receivables	Loans and receivables	N/A	1,126	✓	X	X	X	1,126
Derivatives not designated as hedges	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	18 5	X	X	✓	X	18 5
Derivatives designated as hedges	Financial assets at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	21 71	X	X	X	✓	21 71
Other current and non-current financial assets								
- Short-term financial assets	Financial assets at fair value through profit or loss	1	150	X	X	✓	X	150
- Other current and non-current financial assets	Loans and receivables	N/A	81	✓	X	X	X	81
Cash and cash equivalents	Financial assets at fair value through profit or loss	1	795	X	X	✓	X	795

✓ Accounting treatment applied

* As these derivatives are designated as cash flow hedges, their changes in fair value are recognized directly in equity.

		IAS 39 category	Fair value hierarchy level	Carrying amount at Dec. 31, 2010	Accounting treatment under IAS 39				Fair value at Dec. 31, 2010
					Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	
Liabilities									
Gross debt									
- Convertible bonds	Financial liabilities carried at amortized cost	N/A		490	✓	X	X	X	514
- Ordinary bonds	Financial liabilities carried at amortized cost	N/A		360	✓	X	X	X	364
- Other financial liabilities	Financial liabilities carried at amortized cost	N/A		239	✓	X	X	X	239
Commercial payables									
- Liabilities related to construction contracts	Financial liabilities carried at amortized cost	N/A		202	✓	X	X	X	202
- Trade payables	Financial liabilities carried at amortized cost	N/A		1,077	✓	X	X	X	1,077
Derivatives not designated as hedges	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1		25 2	X	X	✓	X	25 2
Derivatives designated as hedges	Financial liabilities at fair value through profit or loss*	Foreign exchange: 2 Metal: 1		18 3	X	X	X	✓	18 3
Other current and non-current financial liabilities	Financial liabilities carried at amortized cost	N/A		49	✓	X	X	X	49

✓ Accounting treatment applied

* As these derivatives are designated as cash flow hedges, their changes in fair value are recognized directly in equity.

- The fair value of **other non-current financial assets** was the same as their carrying amount.

- **Available-for-sale securities** were measured at cost as no market value was available. In addition, the Group could not determine the fair value of these securities based on a valuation technique as it was neither possible to reliably estimate the present value of future cash flows nor to obtain prices on comparable transactions.

- The fair value of **current financial assets**, including **commercial receivables**, was the same as their carrying amount.

- The Group's **fixed rate debt** mainly comprised its ordinary bonds redeemable in 2017 as well as the liability component of its OCEANE 2013 and 2016 bonds, whose fair values may differ from their carrying amounts in view of the fact that the bonds are carried at amortized cost. The fair value of the ordinary bonds was calculated based on a bank valuation provided at December 31, 2010 and included interest accrued at the year-end. The fair value of the Group's OCEANE bonds

was determined excluding the equity component and based on the following:

- The market price and historic volatility of Nexans' shares at December 31, 2010 (58.86 euros).
- The spot price of the OCEANE bonds at December 31, 2010 (84.83 euros and 67.86 euros for the OCEANE 2013 bonds and OCEANE 2016 bonds respectively).
- A two-year euro swap rate of 1.56% for the OCEANE 2013 bonds and a four-year euro swap rate of 2.20% for the OCEANE 2016 bonds.
- A two-year credit spread of 300 basis points for the OCEANE 2013 bonds and a four-year credit spread of 375 basis points for the OCEANE 2016 bonds.
- A bond lending/borrowing cost representing 50 basis points.

- The fair value of **other current and non-current financial liabilities**, including **commercial payables**, was the same as their carrying amount.

The following tables provide a similar breakdown of financial assets and liabilities by category for 2009 and 2008.

	IAS 39 category	Fair value hierarchy level	Carrying amount at Dec. 31, 2009	Accounting treatment under IAS 39				Fair value at Dec. 31, 2009
				Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	
At December 31, in millions of euros								
Assets								
Available-for-sale securities	Available-for-sale financial assets	N/A	17	X	✓	X	X	17
Commercial receivables								
- Amounts due from customers on construction contracts	Loans and receivables	N/A	215	✓	X	X	X	215
- Trade receivables	Loans and receivables	N/A	955	✓	X	X	X	955
Derivatives not designated as hedges	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	10 10	X	X	✓	X	10 10
Derivatives designated as hedges	Financial assets at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	24 38	X	X	X	✓	24 38
Other current and non-current financial assets	Loans and receivables	N/A	105	✓	X	X	X	105
Cash and cash equivalents	Financial assets at fair value through profit or loss	1	817	X	X	✓	X	817
Liabilities								
Gross debt								
- Convertible bonds	Financial liabilities carried at amortized cost	N/A	467	✓	X	X	X	478
- Ordinary bonds	Financial liabilities carried at amortized cost	N/A	359	✓	X	X	X	335
- Other financial liabilities	Financial liabilities carried at amortized cost	N/A	132	✓	X	X	X	132
Commercial payables								
- Liabilities related to construction contracts	Financial liabilities carried at amortized cost	N/A	174	✓	X	X	X	174
- Trade payables	Financial liabilities carried at amortized cost	N/A	845	✓	X	X	X	845
Derivatives not designated as hedges	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	11 3	X	X	✓	X	11 3
Derivatives designated as hedges	Financial liabilities at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	11 5	X	X	X	✓	11 5
Other current and non-current financial liabilities	Financial liabilities carried at amortized cost	N/A	66	✓	X	X	X	66

✓ Accounting treatment applied

* As these derivatives are designated as cash flow hedges, their changes in fair value are recognized directly in equity.

- The fair value of **other non-current financial assets** was the same as their carrying amount.
- **Available-for-sale securities** were measured at cost as no market value was available. In addition, the Group could not determine the fair value of these securities based on a valuation technique as it was neither possible to reliably estimate the present value of future cash flows nor to obtain prices on comparable transactions.
- The fair value of **current financial assets**, including **commercial receivables**, was the same as their carrying amount.
- The Group's **fixed rate debt** mainly comprised its ordinary bonds redeemable in 2017 as well as the liability component of its OCEANE 2013 and 2016 bonds, whose fair values may differ from their carrying amounts in view of the fact that the bonds are carried at amortized cost. The fair value of the ordinary bonds was calculated based on a bank valuation provided at December 31, 2009 and included interest accrued at the year-end. The fair value of the Group's OCEANE bonds was determined excluding the equity component and based on the following:
 - i. The market price and historic volatility of Nexans' shares at December 31, 2009 (55.82 euros).
 - ii. The spot price of the OCEANE bonds at December 31, 2009 (81.88 euros and 64.60 euros for the OCEANE 2013 bonds and OCEANE 2016 bonds respectively).
 - iii. A three-year euro swap rate of 2.20% for the OCEANE 2013 bonds and a five-year euro swap rate of 2.80% for the OCEANE 2016 bonds.
 - iv. A three-year credit spread of 390 basis points for the OCEANE 2013 bonds and a five-year credit spread of 470 basis points for the OCEANE 2016 bonds.
 - v. A bond lending/borrowing cost representing 50 basis points.
- The fair value of **other current and non-current financial liabilities**, including **commercial payables**, was the same as their carrying amount.

At December 31,
in millions of euros

	IAS 39 category	Carrying amount at Dec. 31, 2008	Accounting treatment under IAS 39				Fair value at Dec. 31, 2008
At December 31, in millions of euros			Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	
Assets							
Available-for-sale securities	Available-for-sale financial assets	16	X	✓	X	✓	16
Commercial receivables							
- Amounts due from customers on construction contracts	Loans and receivables	195	✓	X	X	X	195
- Trade receivables	Loans and receivables	1,110	✓	X	X	X	1,110
Derivatives not designated as hedges	Financial assets at fair value through profit or loss	38	X	X	✓	X	38
Derivatives designated as hedges	Financial assets at fair value through profit or loss*	38	X	X	X	✓	38
Other current and non-current financial assets	Loans and receivables	263	✓	X	X	X	263
Cash and cash equivalents	Financial assets at fair value through profit or loss	398	X	X	✓	X	398
Liabilities							
Gross debt							
- Convertible bonds	Financial liabilities carried at amortized cost	274	✓	X	X	X	240
- Ordinary bonds	Financial liabilities carried at amortized cost	359	✓	X	X	X	274
- Other financial liabilities	Financial liabilities carried at amortized cost	301	✓	X	X	X	301
Commercial payables							
- Liabilities related to construction contracts	Financial liabilities carried at amortized cost	111	✓	X	X	X	111
- Trade payables	Financial liabilities carried at amortized cost	908	✓	X	X	X	908
Derivatives not designated as hedges	Financial liabilities at fair value through profit or loss	47	X	X	✓	X	47
Derivatives designated as hedges	Financial liabilities at fair value through profit or loss*	228	X	X	X	✓	228
Other current and non-current financial liabilities	Financial liabilities carried at amortized cost	101	✓	X	X	X	101

✓ Accounting treatment applied

* As these derivatives are designated as cash flow hedges, their changes in fair value are recognized directly in equity.

- The fair value of **other non-current financial assets** was the same as their carrying amount.
- **Available-for-sale securities** were measured at cost as no market value was available. In addition, the Group could not determine the fair value of these securities based on a valuation technique as it was neither possible to reliably estimate the present value of future cash flows nor to obtain prices on comparable transactions.
- The fair value of **current financial assets**, including **commercial receivables**, was the same as their carrying amount.
- The Group's **fixed rate debt** mainly comprised its ordinary bonds redeemable in 2017 as well as the liability component of its OCEANE 2013 bonds, whose fair value may differ from the carrying amount in view of the fact that the bonds are carried at amortized cost. The fair value of the ordinary bonds was calculated based on a bank valuation provided at December 31, 2008 and included interest accrued at the year-end. The fair value of the Group's OCEANE bonds was determined excluding the equity component and based on the following:
 - The market price and historic volatility of Nexans' shares at December 31, 2008 (42.55 euros).
 - The spot price of the OCEANE bonds at December 31, 2008 (68.11 euros).
 - A four-year euro swap rate of 3.12%.
 - A four-year credit spread of 700 basis points.
 - A bond lending/borrowing cost representing 50 basis points.
- The fair value of **other current and non-current financial liabilities**, including **commercial payables**, was the same as their carrying amount.

b) Calculations of net gains and losses

2010 (in millions of euros)	Net gains/(losses)					2010 total
	Interest	On subsequent remeasurement			On disposal	
		Fair value adjustments	Currency translation differences	Impairment		
Available-for-sale financial assets	0	-	N/A	0	0	0
Loans and receivables	0	N/A	49	(4)	0	45
Financial assets and liabilities at fair value through profit or loss	-	(21)	N/A	N/A	N/A	(21)
Financial liabilities carried at amortized cost	(75)	N /A	(11)	0	N/A	(86)
Total	(75)	(21)	38	(4)	0	(62)

2009 (in millions of euros)	Net gains/(losses)					2009 total
	Interest	On subsequent remeasurement			On disposal	
		Fair value adjustments	Currency translation differences	Impairment		
Available-for-sale financial assets	0	-	N/A	2	0	2
Loans and receivables	0	N/A	(18)	(2)	0	(20)
Financial assets and liabilities at fair value through profit or loss	-	9	N/A	N/A	N/A	9
Financial liabilities carried at amortized cost	(62)	N /A	6	0	N/A	(56)
Total	(62)	9	(12)	0	0	(65)

2008 (in millions of euros)	Net gains (losses)					2008 total
	Interest	On subsequent remeasurement			On disposal	
		Fair value adjustments	Currency translation differences	Impairment		
Available-for-sale financial assets	0	-	N/A	0	2	2
Loans and receivables	0	N/A	12	(2)	-	10
Financial assets and liabilities at fair value through profit or loss	N/A	4	N/A	N/A	N/A	4
Financial liabilities carried at amortized cost	(66)	N/A	(28)	0	N/A	(94)
Total	(66)	4	(16)	(2)	2	(78)

- Gains and losses corresponding to interest are recorded under "Cost of debt (gross)" when they relate to items included in consolidated net debt (see **Note 24**). When they relate to operating payables and receivables they are recorded under operating margin.
- Gains and losses arising from currency translation differences are recorded under "Other financial expenses" or under "Cost of debt (gross)" if they relate to items included in consolidated net debt (and are clearly identified as such in the Group's upstream information systems).
- Impairment of loans and operating receivables is recognized within operating margin.
- The accounting treatment of changes in fair value of derivatives is described in **Note 27.c** above. Other than the impact of foreign exchange and metal derivatives, gains and losses relating to financial assets and liabilities at fair value through profit or loss include fair value adjustments recognized on cash and cash equivalents in an amount of 13 million euros in 2010, 6 million euros in 2009 and 18 million euros in 2008. These amounts are calculated taking into account interest received and paid on the instruments concerned, as well as realized and unrealized gains. Fair value adjustments arising on "Short-term financial assets" (see **Note 19**) were not material in 2010.

Note 29. Operating leases

Future minimum payments under non-cancelable operating leases were as follows at December 31, 2010, 2009 and 2008:

	Total	Payments due by maturity		
		Within 1 year	Between 1 and 5 years	Beyond 5 years
(in millions of euros)				
At December 31, 2010	113	27	62	24
At December 31, 2009	101	23	62	16
At December 31, 2008	94	19	56	19

Note 30. Related party transactions

Related party transactions primarily concern commercial or financial transactions carried out with associates, non-consolidated companies and directors and officers (whose total compensation is presented in the table set out in **paragraph d)** below).

a) Income statement

The main income statement items affected by related party transactions in 2010, 2009 and 2008 were as follows:

(in millions of euros)	2010	2009	2008
Revenue			
- Non-consolidated companies	54	41	29
- Joint ventures	-	-	-
- Associates	2	-	0
Cost of sales			
- Non-consolidated companies	(14)	(7)	(5)
- Joint ventures	-	-	-
- Associates	(4)	-	-

b) Statement of financial position

The main items in the statement of financial position affected by related party transactions at December 31, 2010, 2009 and 2008 were as follows:

At December 31, in millions of euros	2010	2009	2008
Assets			
- Non-consolidated companies	16	7	4
- Joint ventures	-	-	-
- Associates	1	-	1
Financial liabilities/(Financial receivables)			
- Non-consolidated companies	2	(1)	6
- Joint ventures	-	-	-
- Associates	-	-	-
Other liabilities			
- Non-consolidated companies	3	4	3
- Joint ventures	-	-	-
- Associates	2	-	1

c) Relations with the Madeco group

Following Nexans' acquisition of the Madeco group's cables business on September 30, 2008, Madeco directly held an interest of around 9% in Nexans SA at December 31, 2010. In addition, Madeco's Chairman, Guillermo Luksic, has been a member of Nexans SA's Board of Directors since the acquisition date (see **Note 2.b**).

At December 31, 2010 the main contractual relations between Nexans and the Madeco group corresponded to a number of agreements related to the contract dated February 21, 2008 for the above-mentioned acquisition of Madeco's cables business, as amended by an addendum signed on September 30, 2008. Certain of these agreements – primarily concerning the use of trademarks and licenses – were still in force at December 31, 2010.

The definitive purchase price for Madeco's cable business was subject to final adjustments based on the financial statements at September 30, 2008. On July 9, 2009, Madeco notified Nexans that it had decided to launch arbitration proceedings in order to set the amount of the final adjustments. On January 14, 2011, Madeco and Nexans reached an amicable settlement whereby the final downward adjustment to the purchase price was limited to 14.9 million US dollars. On the same date, the Group purchased the remaining minority interest in its subsidiary Nexans Colombia, for 9.2 million US dollars in accordance with the firm commitment it had given in 2008 (see **Note 2.b**).

Nexans has also entered into a number of commercial contracts with Madeco group entities. The impact of these agreements on the income statement and statement of financial position are included in the tables set out in **paragraphs a) and b)** above.

d) Directors and officers compensation

(Nexans' directors and members of the Executive Committee)

Total compensation

Total compensation paid to the Group's directors and officers can be analyzed as follows:

(in millions of euros)	2010	2009	2008
Compensation for corporate officer positions*	1.5	4.5	3.9
Directors' fees**	0.5	0.5	0.4
Compensation under employment contracts and benefits in kind*	7.9	8.8	7.2
Stock options**	2.3	2.2	3.4
Termination benefits*	-	1.7	0.6
Long-term incentive plan**	0.1	(0.1)	0.9
Accruals for pension obligations***	3.1	2.5	3.5
Total compensation	15.4	20.1	19.9

* Amounts paid during the year, including payroll taxes.

** Amounts expensed in the income statement during the year.

*** For defined benefit plans this item includes the service cost and interest cost for the year.

Additional information on directors and officers compensation (Nexans' directors and members of the Executive Committee):

- Over the last three years the Group Executive Committee's membership structure has changed as follows:
 - Wolfgang Bedorf (Executive Vice President, Middle East – Russia – Africa) stepped down from the Committee on December 31, 2010 following his retirement.
 - Four new members were appointed to the Group Executive Committee as from May 26, 2009: Jean-Claude Nicolas (Senior Corporate Vice President, Communications), Norbert Bluthé (Executive Vice President, Western Europe), Francis Krähenbühl (Executive Vice President, Central Europe) and William English (Executive Vice President, Northern Europe until December 31, 2010 and Executive Vice President, Middle East – Russia – Africa since that date). Certain of these new Executive Committee members are expatriates in the areas for which they are responsible.
 - Two new members joined the Executive Committee in 2008: Patrick Noonan (Senior Corporate Vice President, General Counsel) as from March 25, 2008 and Jorge Tagle (Executive Vice President, South America) as from October 1, 2008 following the completion of the Madeco cables business acquisition.
- The amount of accrued provisions for pension liabilities of Executive Committee members and the funded status of the related plans have not been presented as it is not possible to carry out an individual breakdown. The Group's total obligation for pensions and other post-employment benefits relating to members of the Executive Committee amounted to 16.7 million euros at December 31, 2010, compared with 16.1 million euros at December 31, 2009 and 23.4 million euros at December 31, 2008. The year-on-year decrease between 2008 and 2009 primarily reflects the retirement of Executive Committee members, including Gérard Hauser who was Nexans' Chairman and CEO until end-May 2009.
- Since 2007, Nexans' policy has been to put in place a long-term incentive plan (LTIP) alongside all stock option plans implemented for Group senior management. None of the Group's principal senior managers received an incentive payment under the LTIP accompanying the February 22, 2008 stock option plan (Plan 7) or the LTIP accompanying the November 25, 2008 plan (Plan 8) as the objectives set in these LTIPs were not achieved. The provisions set aside at December 31, 2008 and 2009 for these incentive payments were reversed in 2009 and 2010 respectively, representing amounts of 0.9 million euros and 0.8 million euros, including payroll taxes.

Under the LTIP accompanying the March 9, 2010 stock option plan (Plan 9), in early 2012 the Group's principal senior managers may receive a maximum of 1.7 million euros (representing a 2.2 million euro cost for the Group including the related payroll taxes) depending on the degree to which the objectives set in the LTIP are achieved. A 0.9 million euro provision has been set aside in the 2010 financial statements to cover payments due under this LTIP.

Commitments given to Frédéric Vincent, Nexans' Chairman and CEO

All of the commitments given to Frédéric Vincent in his capacity as Chairman and CEO are described in detail in section 7.4 of the Management Report.

As Chairman and CEO, Frédéric Vincent has received the following commitments from the Company. They were authorized at the Board Meeting of April 3, 2009 and ratified at the Annual Shareholders' Meeting held on May 26, 2009:

- If Frédéric Vincent is removed from his position as Chairman and CEO, he will be entitled to payment of a termination indemnity representing twelve months of his total fixed and variable compensation subject to two performance conditions. One of these conditions relates to the Group's financial performance and the other is based on the average stock market performance rate of Nexans shares compared to the SBF 120 index. The amount of the termination indemnity due will be based on the degree to which the above-mentioned performance conditions are met and it will be payable only in the event of a forced departure resulting from a change of strategy or control.
- As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with one of the Company's businesses for a period of two years from the end of his term of office as Chairman and CEO, Frédéric Vincent will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be equal to one year of his fixed and variable compensation, i.e., 12 times his most recent monthly base salary plus the corresponding percentage of his bonus, paid in 24 equal and successive installments. A provision of 2.0 million euros was set aside for this commitment in the 2009 consolidated financial statements.

In accordance with the Internal Regulations of the Board of Directors, termination payments – i.e. termination and non-compete indemnities – may not exceed two years compensation (fixed plus variable).

If Frédéric Vincent retired he would receive benefits under the supplementary pension plan set up by the Group for certain employees and corporate officers which provides for the payment of an annuity based on the average annual compensation for the last three years before retirement. The expenses recorded for these obligations are included in the directors and officers compensation table presented above.

Commitments given to Gérard Hauser, Nexans' Chairman and CEO until May 26, 2009

Gérard Hauser is required to comply with a non-compete clause that provides for the payment of an indemnity equal to his total gross compensation received for the 12 months preceding the termination of his employment contract. The provision set aside in the consolidated financial statements to cover this indemnity represented a residual amount of 0.6 million euros at December 31, 2010 (1.8 million euros at December 31, 2009 and 2.5 million euros at December 31, 2008).

Note 31. Disputes and contingent liabilities

a) Disputes and proceedings giving rise to the recognition of provisions

For cases where the criteria are met for recognizing provisions, Nexans considers that the provisions recorded in the financial statements are sufficient to cover the related contingencies, and does not believe that the resolution of the disputes concerned will materially impact the Group's results. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third-party guarantees or warranties and independent evaluations of the probability of judgment being entered against Nexans.

- When Nexans completed the initial accounting for its September 30, 2008 acquisition of the Madeco group's cable business (see **Note 11**), it recognized a 16 million euro provision in the Group's adjusted 2008 financial statements to cover the various risks identified at the acquisition date. A portion of this provision was reversed in 2010 in view of favorable developments concerning a number of these risks.
- In late 2009 the Group encountered difficulties relating to a contract for high-voltage submarine cables when its end-customer – a Chinese State-owned company – disputed the amounts payable for protecting cable that had already been laid (and was in working order), claiming that the protection works took an excessive amount of time to complete. Nexans set aside a provision in the first half of 2010 in relation to this dispute, which covered the amounts provided for in the settlement agreement signed with the customer in early 2011 concerning work already completed.

Another problem was encountered with this project as a ship operated by a Chinese sub-contractor involved in the cable-laying process accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship and would not allow Nexans' equipment on board to be unloaded. The army subsequently lodged a claim – amounting to some 7 million euros – which has now been resolved.

Nexans is lastly involved in a dispute with the Chinese subcontractor as the subcontractor is claiming the payment of invoices for the leasing costs of its equipment during the period when it was impounded by the Chinese army. Conversely, Nexans is claiming from the subcontractor compensation for losses caused by the accident (i.e., delays in the project). This dispute was still ongoing at end-December 2010 and has been referred for arbitration in Singapore.

Nexans considers that the other existing or probable disputes for which provisions were recorded at December 31, 2010, December 31, 2009 and December 31, 2008 do not represent sufficiently material amounts when taken individually to require specific disclosures in the consolidated financial statements.

b) Contingent liabilities relating to disputes and proceedings

Disputes and proceedings for which a provision has not been recorded as the recognition criteria were not satisfied include the following:

- A case concerning product liability for cables manufactured by one of the Group's European subsidiaries and sold to a harness manufacturer. The manufacturer then sold the cables to an automobile equipment manufacturer, which in turn sold them to a European automaker. Nexans' subsidiary was not informed of the automaker's technical specifications. The automaker used Nexans' cables along with switches in its wipers systems, and some of the cables allegedly broke. The subsidiary considers that the cables sold met the specifications of its customer, i.e. the harnesses manufacturer.

In January 2008 the automobile equipment manufacturer filed an emergency application against the harness manufacturer to obtain a court order appointing an expert to find and safeguard any available evidence in order to identify the technical cause of the problem. Nexans was involved in this procedure, during which the automobile equipment manufacturer claimed that the cables supplied did not comply with the technical specifications of the harness manufacturer, an allegation both the harness manufacturer and Nexans contest. The court will issue an opinion on the expert's technical report at the end of the procedure. The automaker allegedly undertook a recall affecting around 350,000 installed switches. Finally, the automobile equipment manufacturer confirmed that in 2007 its client, the automaker, filed a 17 million euro claim against it based on the number of vehicles returned at that date. Nexans notified its insurer of this claim at the time.

Although it is not yet possible to ascertain the impact of the above-described case, Nexans currently does not consider that it will have a material impact on the Group's consolidated financial position. It is, however, not in a position to exclude any such possibility.

- In late January 2009 investigations were launched against Nexans and other cable manufacturers concerning alleged cartel behavior in the sector of submarine and underground power cables and associated equipment and services. These investigations – which are still ongoing – are being conducted by the European Commission, as well as competition authorities in Australia, South Korea (in addition to an investigation into the Group's local operations), the United States and Brazil (launched in 2010). Similar investigations in Japan and New Zealand have now been completed.

The Group is not in a position to evaluate the possible outcome of these investigations. However, without prejudice to the conclusions of the investigations, given the level of fines imposed by the US and European competition authorities in recent cases and the potential direct and indirect consequences of this type of investigation, it is possible that the investigations may have a material adverse effect on the Group's earnings and consequently its financial position.

Note 32. Off balance sheet commitments

The Group's off balance sheet commitments that were considered material at December 31, 2010 are set out below.

a) Commitments related to the Group's scope of consolidation

Receivables securitization program

As part of the process to set up a new securitization program for euro-denominated trade receivables in the second quarter of 2010 (as described in **Note 1.a** and **Note 26.a**), Nexans granted a guarantee to the arranging bank. This guarantee covers (i) the payment obligations of the two Nexans subsidiaries selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables.

At December 31, 2010, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this guarantee was valued at 34 million euros for the portion covering the subsidiaries' payment obligations and 250 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2010 and an actual term that varies depending on the seller and type of obligation concerned.

Risks relating to mergers and acquisitions

Group companies may grant sellers' warranties to purchasers of divested businesses, generally without taking out bank guarantees or bonds. When it is probable that Nexans will be required to make payments under a warranty, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable, it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 23** and **Note 31**).

Conversely, when acquiring other entities, Group companies are sometimes given sellers' warranties. For example, as part of the August 1, 2008 acquisition of the Italian company Intercond (see **Note 2.b**), an escrow account was set up in accordance with the purchase agreement to cover payments that may be due to Nexans in the event of a claim during the seller's warranty period (28 million euros held until December 31, 2010, 21 million euros until December 31, 2011, 14 million euros until December 31, 2012 and 7 million euros until December 31, 2013).

Acquisition of the Madeco group's cables business

When Nexans acquired the cables business of the Chile-based group Madeco on September 30, 2008 it took over a number of pending or potential disputes. The most significant of these, subject to certain deductibles, are covered by the seller's warranty granted by Madeco under the purchase agreement. A provision was recorded for this business's liabilities and contingent liabilities when the Group completed the initial accounting for the acquisition in 2009 in accordance with IFRS 3 (see **Note 11**).

As stated in **Note 2.b**, the definitive purchase price was subject to final adjustments based on the financial statements at September 30, 2008. On July 9, 2009, Madeco notified Nexans that it had decided to launch arbitration proceedings in order to set the amount of the final adjustments. On January 14, 2011, Madeco and Nexans reached an amicable settlement whereby the final downward adjustment to the purchase price was limited to 14.9 million US dollars. On the same date, the Group purchased the remaining minority interest in its subsidiary Nexans Colombia, for 9.2 million US dollars in accordance with the firm commitment it had given in 2008.

b) Commitments related to the Group's financing

Commitments given

Collateral pledged by the Group to secure borrowings broke down as follows by type of asset at December 31, 2010, December 31, 2009 and December 31, 2008:

At December 31, in millions of euros	2010	2009	2008
Property, plant and equipment pledged as collateral	5	5	5
Intangible assets pledged as collateral	-	-	-
Inventories pledged as collateral	-	-	-
Financial assets pledged as collateral	-	-	-
Total pledged collateral	5	5	5

Commitments received

The Group has access to a 580 million euro syndicated revolving credit facility expiring on October 16, 2012, none of which had been drawn down at December 31, 2010 (see **Note 24.f** for further details).

As described in **paragraph a)** above, in April 2010 Nexans set up a receivables securitization program. The program's maximum term is five years and the amount of receivables that may be sold has been capped at 250 million euros (see **Note 1.a** and **Note 26.a** for further details).

c) Commitments related to the Group's operating activities

The Group's main off balance sheet commitments related to operating activities are summarized below:

At December 31, in millions of euros	2010	2009	2008	Note
Commitments given				
Forward purchases of foreign currencies*	2,863	1,738	2,235	Note 27.b
Forward purchases of metals	597	378	297	Note 27.b
Firm commitments to purchase property, plant and equipment	35	15	57	Note 13.c
Commitments for third-party indemnities	696	604	687	See 1) below
Take-or-pay copper purchase contracts (in metric tons)	111,324	113,200	127,445	See 2) below
Future minimum payments under non-cancelable operating leases	113	101	94	Note 29
Commitments received				
Forward sales of foreign currencies*	2,859	1,725	2,260	Note 27.b
Forward sales of metals	151	31	23	Note 27.b
Take-or-pay copper sale contracts (in metric tons)	111,602	100,992	140,443	See 2) below

* Including derivatives used to hedge the Group's net debt.

(1) Commitments concerning third-party indemnities

Group companies generally give customers warranties on the quality of the products sold without taking out bank guarantees or bonds.

They have, however, also given commitments to banks and other third parties, in particular financial institutions, which have issued guarantees or performance bonds to customers, and guarantees to secure advances received from customers (696 million euros, 604 million euros and 687 million euros at December 31, 2010, 2009 and 2008 respectively).

When it is probable that Nexans will be required to make payments under a warranty due to factors such as delivery delays or disputes over contract performance, a provision is recorded for the estimated risk (where such an estimate can be made). When such a payment is merely potential rather than probable it is disclosed as a contingent liability if the amount concerned is sufficiently material (see **Note 23** and **Note 31**).

(2) Take-or-pay contracts (physically-settled contracts)

The volumes indicated in the table above correspond to quantities negotiated as part of copper take-or-pay contracts whose price was set at the year-end, including quantities included in inventories (see **Note 26.d** for further details).

More generally, the Group enters into firm commitments with certain customers and suppliers under take-or-pay contracts, the largest of which concern copper supplies. At end-2010, Nexans' commitments under these contracts corresponded to approximately 300,000 metric tons of copper for 2011, which was the same as the tonnage committed to at end- 2009 for 2010.

(3) At December 31, 2010 the Group had granted parent company guarantees in an amount of 1,003 million euros. These mainly include (i) performance bonds given to customers, covering the contractual obligations of certain subsidiaries, and (ii) undertakings made under take-or-pay contracts relating to supplies other than copper.

Note 33. Main consolidated companies

The main changes in scope of consolidation in 2010, 2009 and 2008 are presented in **Note 2.b** The table below lists the main entities included in the Group's scope of consolidation December 31, 2010.

Companies by country	Principal activity	% control	% interest	Consolidation method ⁽¹⁾
France				
Nexans⁽²⁾	Holding company	100%	100%	Parent company
Nexans Participations	Holding company	100%	100%	
Lixis	Holding company	100%	100%	
Nexans France	Energy and Telecom	100%	100%	
Nexans Interface	Telecom	100%	100%	
Eurocable	Energy	100%	100%	
Nexans Copper France ⁽³⁾	Electrical Wires	100%	100%	
Société de Coulée Continue du Cuivre ⁽³⁾	Electrical Wires	100%	100%	
Nexans Wires France ⁽¹³⁾	Electrical Wires	100%	100%	
Recycables	Electrical Wires	36.5%	36.5%	Equity method
Alsafil	Electrical Wires	100%	100%	
Nexans Power Accessories France	Energy	100%	100%	
Belgium				
Nexans Benelux S.A.	Energy	100%	100%	
Nexans Harnesses	Energy	100%	100%	
Nexans Network Solutions NV	Energy and Telecom	100%	100%	
Nexans Services ⁽⁴⁾	Holding company	100%	100%	
Opticable S.A. NV	Telecom	60%	60%	
Germany				
Nexans Deutschland GmbH ⁽⁵⁾	Energy and Telecom	100%	100%	
Nexans Superconductors GmbH	Energy	100%	100%	
Metrofunkkabel Union GmbH	Energy	100%	100%	
Nexans Auto Electric GmbH ⁽⁶⁾	Energy	100%	100%	
Confecta GmbH Deutschland ⁽⁷⁾	Energy	100%	100%	
Nexans Power Accessories Deutschland GmbH	Energy	100%	100%	
Northern Europe				
Nexans Nederland BV	Energy	100%	100%	
Nexans Norway A/S	Energy and Telecom	100%	100%	
Nexans Suisse S.A.	Energy and Telecom	100%	100%	
Tri Wire Ltd	Electrical Wires	100%	100%	
Nexans Re ⁽⁸⁾	Holding company	100%	100%	
Nexans Logistics Ltd	Energy	100%	100%	
Nexans IKO Sweden AB	Energy and Telecom	100%	100%	
Nexans Jydsk Denmark	Energy and Telecom	100%	100%	
Axjo Kabel AG	Energy	100%	100%	

Companies by country	Principal activity	% control	% interest	Consolidation method ⁽¹⁾
Southern Europe				
Multinacional Trade	Energy	70%	70%	
Nexans Italia SpA	Energy and Telecom	100%	100%	
Nexans Iberia SL	Energy	100%	100%	
Nexans Hellas SA ⁽²⁾	Energy and Telecom	71.75%	71.75%	
Nexans Türkiye İletişim Endüstri ve Ticaret AS	Energy and Telecom	100%	100%	
Nexans Participation Italia Srl	Holding company	100%	100%	
Intercond Services SpA ⁽⁹⁾	Energy	100%	100%	
Eastern Europe				
Nexans Romania	Energy	100%	100%	
Nexans Russia	Energy	100%	100%	
North America				
Nexans Canada Inc	Energy and Telecom	100%	100%	
Nexans USA Inc	Holding company	100%	100%	
Nexans Energy USA Inc	Energy	100%	100%	
Nexans Inc	Telecom	100%	100%	
South America				
Nexans Indelqui	Energy	100%	100%	
Optel S.A.	Telecom	100%	100%	
Invercable	Holding company	100%	100%	
Nexans Chile S.A. Cerrada ⁽¹⁰⁾	Energy	100%	100%	
Colada Continua S.A.	Electrical Wires	41%	41%	Equity method
Nexans Colombia ⁽¹¹⁾	Energy	83.91%	83.91%	
Indeco Peru	Energy	96%	96%	
Cobrecon	Electrical Wires	33.33%	32.00%	Equity method
Nexans Brasil S.A. ⁽¹²⁾	Energy and Telecom	99.98%	99.98%	
Africa & Middle East				
Liban Câbles SAL	Energy and Telecom	90%	90%	
International Cables Company Ltd	Energy and Telecom	97.87%	88.08%	
Nexans Maroc ⁽²⁾	Energy	83.59%	83.59%	
Sirmel Maroc	Energy	83.23%	83.23%	
Qatar International Cable Company	Energy	30.33%	30.33%	Equity method

Companies by country	Principal activity	% control	% interest	Consolidation method ⁽¹⁾
Asia				
Nexans (Shanghai) Electrical Materials Co. Ltd	Telecom	100%	100%	
Nexans Communications (Shanghai) Cable Co. Ltd	Telecom	100%	100%	
Nexans China Wire & Cables Co. Ltd	Energy	100%	100%	
Nexans Korea Ltd	Energy and Telecom	99.52%	99.51%	
Kukdong Electric Wire Co. Ltd	Energy and Telecom	97.90%	97.90%	
Daeyoung Cable	Energy and Telecom	99.52%	99.51%	
Nexans Vietnam Power Cable Co	Energy	59.05%	58.76%	
Nexans (Nanning) Communications Co. Ltd	Telecom	100%	100%	
Nippon High Voltage Cable Corporation	Energy	66%	66%	
OLEX Australia Pty Ltd	Energy and Telecom	100%	100%	
OLEX New Zealand Ltd	Energy and Telecom	100%	100%	

(1) The companies are fully consolidated, unless otherwise specified.

(2) Listed companies.

(3) Since November 1, 2008 Nexans Copper France (formerly Société Lensoise de Cuivre) has taken over the operations of Société de Coulée Continue du Cuivre under a business lease.

(4) The entity responsible for the Nexans Group's cash management since October 1, 2008.

(5) Following a reorganization carried out in Germany in order to streamline the Group's legal structures in the country, Nexans Deutschland Industries GmbH & Co KG changed its name to Nexans Deutschland GmbH in 2008. In 2009, Nexans Deutschland GmbH Holdings and Kabelmetal Electro GmbH were merged into Nexans Deutschland GmbH, a newly-formed company.

(6) Nexans Auto Electric GmbH – a company based in Germany – itself consolidates various sub-subsidiaries, including in the United States, Romania, Ukraine, the Czech Republic, Slovakia and Mexico.

(7) Confecta GmbH Deutschland – a company based in Germany – itself consolidates various sub-subsidiaries in Switzerland and France.

(8) Nexans Re is the Group's captive reinsurer.

(9) This entity is the head of a sub-consolidation group that includes Pessano Cavi and Intercond SpA.

(10) Formerly Madeco Cable (renamed in 2009).

(11) Formerly Cedsa S.A. (renamed in 2009).

(12) Ficap S.A. was merged into Nexans Brasil S.A. on July 31, 2009.

(13) Nexans France took over the operations of Société Nexans Wires under a business lease in 2008.

Note 34. Subsequent events

No significant events for which disclosure is required have occurred since December 31, 2010.

Statutory Auditors' report on the consolidated financial statements (year ended December 31, 2010)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Nexans;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the section "Contingent liabilities relating to disputes and proceedings" of **Note 31** "Disputes and contingent liabilities" to the consolidated financial statements which reports that investigations were launched against Nexans in late January 2009 in relation to alleged cartel behavior.

Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of assets

During the fourth quarter of each year, your Company tests goodwill for impairment and also performs a review to determine if there is any indication of impairment of non-current assets, as described in section n "Impairment tests" of **Note 1** "Summary of significant accounting policies" to the consolidated financial statements. We have reviewed the methods used to carry out these impairment tests as well as the corresponding cash flow forecasts and assumptions, and have verified that **Notes 1.n** and **7** to the consolidated financial statements provide appropriate disclosures.

Deferred tax assets

Your Company recognizes deferred tax assets in its consolidated statement of financial position on the basis of business plans and earnings forecasts, as described in section v "Deferred taxes" of **Note 1** "Summary of significant accounting policies" and **Note 9** "Income taxes" to the consolidated financial statements. We assessed the information and assumptions upon which those estimates were based, reviewed the calculations made by the Company and compared the accounting estimates for previous periods with actual figures to ensure that the estimates were consistent with those for the previous period and with those used for impairment testing.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, April 1, 2011

KPMG Audit
Department of KPMG S.A.



Valérie Besson
Partner

PricewaterhouseCoopers Audit



Dominique Ménard
Partner

Corporate Financial Statements

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Balance sheet

Assets

At December 31, in thousands of euros	Gross amount	Depreciation, amortization and provisions	2010	2009
Intangible assets	226	(129)	97	129
Property, plant and equipment	-	-	-	6
Long-term financial assets				
Investments in associates – equity method	-	-	-	-
Shares in subsidiaries and associates	2,337,092	(19,000)	2,318,092	2,318,092
Loans to subsidiaries	-	-	-	-
Other long-term securities	-	-	-	-
Loans	41,674	-	41,674	60,852
Other long-term financial assets	603	-	603	-
FIXED ASSETS	2,379,595	(19,129)	2,360,466	2,379,079
Receivables				
Prepayments to suppliers	-	-	-	-
Trade receivables	10,084	-	10,084	10,108
Other receivables	295,226	-	295,226	233,249
Issued capital called but unpaid	-	-	-	-
Miscellaneous				
Marketable securities	-	-	-	-
Cash at bank and in hand	97	-	97	77
Accruals				
Prepaid expenses	56	-	56	81
CURRENT ASSETS	305,464	-	305,464	243,515
Deferred charges	5,039	-	5,039	6,318
Bond redemption premiums	15,611	-	15,611	22,859
Unrealized foreign exchange losses	0	-	0	-
TOTAL ASSETS	2,705,709	(19,129)	2,686,580	2,651,772

Equity and liabilities

At December 31, in thousands of euros

	2010	2009
Share capital	28,604	28,013
Additional paid-in capital	1,359,622	1,338,225
Revaluation reserve	-	-
Legal reserve	2,801	2,794
Statutory and contractual reserves	0	0
Regulated reserves	-	-
Other reserves	-	-
Retained earnings	272,833	239,200
Net income for the year	28,684	61,743
Investment grants	-	-
Regulated provisions	3,247	1,804
TOTAL EQUITY	1,695,792	1,671,778
Provisions for contingencies	0	-
Provisions for charges	-	-
PROVISIONS FOR CONTINGENCIES AND CHARGES	0	-
Debt		
Convertible bonds	550,680	546,640
Other bonds	363,398	363,398
Bank borrowings	36	473
Other borrowings	-	-
Operating liabilities		
Trade payables	15,542	11,852
Accrued taxes and payroll costs	59,997	57,067
Miscellaneous liabilities		
Due to suppliers of fixed assets	-	-
Other liabilities	733	100
Accruals		
Deferred income	401	464
TOTAL LIABILITIES	990,787	979,994
Unrealized foreign exchange gains	-	-
TOTAL EQUITY AND LIABILITIES	2,686,580	2,651,772

Income statement

(In thousands of euros)	France	Exportation	2010	2009
Sales of goods held for resale	-	-	-	-
Sales of manufactured products	-	-	-	-
Sales of services	12,670	212	12,882	14,498
NET SALES	12,670	212	12,882	14,498
Operating grants			-	-
Reversals of depreciation, amortization and provisions, expense transfers			-	3,192
Other revenues			-	-
TOTAL OPERATING REVENUES			12,882	17,690
Other purchases and external charges			23,043	23,032
Taxes other than on income			109	(693)
Wages and salaries			4,916	5,826
Payroll charges			1,612	1,868
Depreciation, amortization and provisions				
Depreciation and amortization – fixed assets			32	32
Impairment – fixed assets			-	-
Impairment – current assets			-	-
Depreciation and amortization – other assets			1,279	1,279
Provisions for contingencies and charges			-	-
Other expenses			496	519
TOTAL OPERATING EXPENSES			31,487	31,864
OPERATING INCOME/(LOSS)			(18,605)	(14,173)

(In thousands of euros)	2010	2009
Dividend income	82,762	108,567
Income from other capitalized securities and receivables	-	-
Other interest income	6,240	5,472
Provision reversals and expense transfers	-	-
Foreign exchange gains	1,139	743
Net gains on disposals of marketable securities	-	-
TOTAL FINANCIAL INCOME	90,141	114,782
Amortization and provisions – financial assets	7,249	7,249
Interest paid	33,097	29,159
Foreign exchange losses	1,608	1,175
Net losses on disposals of marketable securities	-	-
TOTAL FINANCIAL EXPENSES	41,954	37,583
NET FINANCIAL INCOME	48,187	77,200
INCOME FROM ORDINARY ACTIVITIES BEFORE TAX	29,582	63,027
Non-recurring income from revenue transactions	-	-
Non-recurring income from capital transactions	-	-
Provision reversals and expense transfers	-	-
TOTAL NON-RECURRING INCOME	-	-
Non-recurring expenses on revenue transactions	-	-
Non-recurring expenses on capital transactions	6	-
Exceptional additions to depreciation, amortization and provisions	1,443	1,445
TOTAL NON-RECURRING EXPENSES	1,449	1,445
NET NON-RECURRING INCOME/(LOSS)	(1,449)	(1,445)
Employee profit-sharing	(121)	(95)
Income taxes	672	256
NET INCOME	28,684	61,743

List of subsidiaries and associates

Financial informations as December 31, 2010	Total equity		Percentage ownership in %	Dividends received (in thousands of euros)	Gross value		Net value of shares held (in thousands of euros)	Net sales ⁽⁵⁾ (in thousands of currency units)	Net income/ (loss) ⁽⁵⁾ (in thousands of currency units)
	Share capital (in thousands of currency units)	(excl. share capital) (in thousands of currency units)			of shares held (in thousands of euros)	of shares held (in thousands of euros)			
Company name									
A- Subsidiaries and associates with a carrying amount in excess of 1% of Nexans' share capital									
1) SUBSIDIARIES (over 50%-owned)									
Nexans France									
Paris – France (SIREN registration no. 428 593 230)	70,000	90,485	100.00	-	237,400	218,400	1,102,983	53,292	
Nexans Participations									
Paris – France (SIREN registration no. 314 613 431)	385,500	1,465,514	100.00	80,955	1,848,256	1,848,256	15	(107,548)	
Nexans Indelqui SA ⁽¹⁾ Buenos Aires – Argentina	106,873	13,308	100.00	1,424	37,268	37,268	159,744	2,886	
Invercable SA ⁽²⁾ Santiago – Chile	78,749	53,395	100.00	-	194,948	194,948	-	12,041	
2) ASSOCIATES (10%-50% owned)									
Nexans Korea ⁽³⁾ Chungcheongbuk – South Korea	17,707,074	87,282,844	35.53 ⁽⁴⁾	229	16,940	16,940	252,658,339	1,405,667	
B- Aggregate data for investments with a carrying amount of less than 1% of Nexans' share capital									
French subsidiaries (over 50%-owned)				-	-	-			
Foreign subsidiaries (over 50%-owned)				-	-	-			
French associates (10%-50% owned)				-	-	-			
Foreign associates (10%-50% owned)				-	-	-			
Other investments				154	2,281	2,281			

(1) Amount in thousands of ARS (Argentine pesos): 1 ARS = 0.18841 euro at December 31, 2010.

(2) Amount in thousands of USD (US dollars): 1 USD = 0.74839 euro at December 31, 2010.

(3) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.66700 euro at December 31, 2010.

(4) The percentage ownership of Nexans Korea is determined after deducting treasury shares representing 3.28% of the company's capital.

(5) Provisional data as these companies financial statements had not yet been formally approved at December 31, 2010.

Portfolio of transferable securities

At December 31, 2010, in thousands of euros
(with a gross balance sheet value
of over 100,000 euros)

	Number of shares/ units held	%	Gross value	Impairment	Carrying amount
1 - Shares in French companies					
Nexans France	10,000,000	100.00	237,400	(19,000)	218,400
Nexans Participations	25,699,946	100.00	1,848,256	-	1,848,256
2 - Shares in foreign companies					
Nexans Korea	12,169,830	35.53	16,940	-	16,940
Kukdong Electric Wire Co.	131,080	9.72	2,281	-	2,281
Nexans Indelqui (Argentina)	106,871,801	100.00	37,268	-	37,268
Invercable (Chile)	3,993,350	100.00	194,948	-	194,948
3- Money market funds					
None					

Notes to the corporate financial statements

The accompanying notes below relate to the balance sheet at December 31, 2010, prior to the appropriation of net income, as well as to the income statement for the year then ended. The financial year ran from January 1 to December 31, 2010. The balance sheet total was 2,686,580,000 euros and net income amounted to 28,684,000 euros.

The tables in these notes are presented in thousands of euros, rounded to the nearest thousand.

Note 1. Significant events

The following significant events took place during 2010:

1. 108,996 new shares were issued following the exercise of stock options.
2. 482,467 new shares were issued in the second half of the year under an employee rights issue approved by the Board of Directors on February 10, 2010 as part of the "Act 2010" employee share ownership plan.
3. The Company received a total of 82,762,000 euros in dividends from subsidiaries, primarily from Nexans Participations (80,955,000 euros).

Note 2. Summary of significant accounting policies

The financial statements of Nexans SA have been prepared in accordance with French generally accepted accounting principles.

The balance sheet at December 31, 2010 and the income statement for the year then ended have been prepared on a going concern basis in accordance with the principles of prudence and segregation of accounting periods. Accounting policies have been applied consistently from one year to the next.

Accounting entries are based on the historical cost method.

Intangible assets

This item includes "Concessions, patents and similar rights" measured at historical cost and amortized on a straight-line basis over their estimated useful lives, corresponding to between five and twenty years.

Long-term financial assets

Shares in subsidiaries and associates

The gross value of these shares recorded in the balance sheet prior to December 31, 2006 corresponds to the purchase price (excluding incidental expenses) or their transfer value.

Shares in subsidiaries and associates acquired as from January 1, 2007 are stated at their purchase price plus any directly attributable transaction expenses, in accordance with the option available under CRC standard 2004-06.

An impairment loss is booked when the carrying amount of these interests exceeds their fair value. Fair value is determined on the basis of value in use, which is calculated using a multi-criteria approach that takes into account revalued net assets as well as yield.

Share acquisition costs

Share acquisition costs incurred subsequent to December 31, 2006 and included in the cost of the shares are deducted for tax purposes through excess tax depreciation recorded over a period of five years (Article 209-VII of the French Tax Code).

Loans

This item primarily concerns long-term loans granted to indirect subsidiaries.

Other long term financial assets

This item notably includes the following:

- Treasury shares
Treasury shares purchased as part of a share buyback program, as authorized at the Annual Shareholders' Meeting, are recorded in "Other long-term financial assets" at cost, as there is no intention of use specified by the Board of Directors. At the balance sheet date, the cost of these shares is compared to the average Nexans share price for the month of December.

An impairment loss is recorded if the carrying amount exceeds the average share price.

- Financial assets in progress
Expenses incurred as part of the planned acquisition of an equity interest whose completion is deemed to be highly probable at the year-end are recorded under "Other long-term financial assets".
- Guarantee deposits granted by Nexans.

Receivables

Receivables are stated at nominal value. An impairment loss is recorded when it is doubtful that the receivable will be collected.

Other receivables and other borrowings

"Other receivables" includes surplus cash amounts invested with Nexans Services on a short-term basis. Short-term advances granted by Nexans Services are included in "Other borrowings".

Receivables, payables and cash denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into euros at the exchange rate prevailing at the year-end:

- Hedged foreign currency receivables and payables do not have any impact on the income statement as the gains and losses on the currency hedging instruments are accounted for on a symmetrical basis with the losses or gains on the underlying hedged items (see below).
- Gains and losses arising on the translation of unhedged foreign currency receivables and payables are recorded in the balance sheet under "Unrealized foreign exchange gains" or "Unrealized foreign exchange losses". In accordance with the principle of prudence a provision is recorded for unrealized foreign exchange losses. Unrealized foreign exchange gains have no impact on the income statement.

Cash and cash equivalents denominated in foreign currencies are translated into euros at the year-end exchange rate and any resulting foreign exchange gains or losses are recognized in the income statement.

Financial instruments

Nexans manages market risks – primarily arising from changes in exchange rates – by using derivative financial instruments, notably currency swaps. These instruments are used solely for hedging purposes.

Gains and losses on the hedging instruments are accounted for in the income statement on a symmetrical basis with the losses or gains on the underlying hedged items. At the balance sheet date unrealized gains are recorded in "Other receivables" and unrealized losses are included in "Other liabilities".

Regulated provisions

The Company allocates amounts under these provisions as authorized by tax law and carries out any reversals in the legally prescribed manner and timeframes.

Provisions for contingencies and charges

Provisions are recognized when Nexans has a present legal or constructive obligation resulting from a past event, where it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation and where the amount of the obligation can be reliably measured.

Bonds with redemption premiums

Ordinary and convertible bonds with redemption premiums are recognized as a liability in the balance sheet at their gross value, including the premium. This applies even when the premium payment is contingent on the bonds not being converted into shares.

The redemption premium is recognized as an asset and is amortized on a straight-line basis over the term of the bonds concerned.

Debt issuance costs

Costs incurred on the issuance of debt are recorded under deferred charges on the assets side of the balance sheet and amortized over the life of the debt using the straight line method.

Notes to the balance sheet

Note 3. Intangible assets

This item includes patents with a gross value of 226,000 euros, which have estimated useful lives of seven years.

After taking into account 32,000 euros in amortization recorded for the year, the residual value of these patents was 97,000 euros at December 31, 2010.

Note 4. Property, plant and equipment

At December 31, 2010 the balance sheet did not include any items of property, plant and equipment.

At December 31, 2009, property, plant and equipment comprised non-depreciable miscellaneous fixtures in the amount of 6,000 euros.

Note 5. Long-term financial assets

(In thousands of euros)	Shares in subsidiaries and associates	Loans to subsidiaries	Loans	Other long term financial assets	Total
GROSS VALUE					
At December 31, 2009	2,337,092	-	60,852	-	2,397,944
Acquisitions – increases	-	-	8,419	603	9,022
Disposals – decreases	-	-	(27,597)	-	(27,597)
At December 31, 2010	2,337,092	-	41,674	603	2,379,369
PROVISIONS					
At December 31, 2009	(19,000)	-	-	-	(19,000)
Additions	-	-	-	-	-
Reversals	-	-	-	-	-
At December 31, 2010	(19,000)	-	-	-	(19,000)
NET LONG-TERM FINANCIAL ASSETS					
At December 31, 2009	2,318,092	-	60,852	-	2,378,944
At December 31, 2010	2,318,092	-	41,674	603	2,360,369

5.1 Shares in subsidiaries and associates

Details of the shares held by Nexans recognized under “Shares in subsidiaries and associates” are provided in the section entitled “Portfolio of transferable securities” above.

At December 31, 2010 the Company did not reverse any of the 19 million euros in accumulated impairment losses relating to Nexans France shares. No other impairment losses for shares in subsidiaries and associates were recognized during the year.

5.2 Loans

At December 31, 2010 this item corresponded to loans to:

- Nexans USA for 33,410,000 US dollars, representing 25,004,000 euros.
- Nexans Inc for 11,137,000 US dollars, representing 8,335,000 euros.
- Nexans Energy Inc for 11,137,000 US dollars, representing 8,335,000 euros.

The composition of this item was similar at December 31, 2009, corresponding to loans to:

- Nexans USA for 52,597,000 US dollars, representing 36,510,000 euros.
- Nexans Inc for 17,533,000 US dollars, representing 12,171,000 euros.
- Nexans Energy Inc for 17,533,000 US dollars, representing 12,171,000 euros.

These amounts include accrued interest.

Note 6. Operating receivables

Net values	2010	2009
At December 31, in thousands of euros		
Prepayments to suppliers	-	-
Trade receivables	10,084	10,108
Other receivables:		
- Prepaid payroll taxes	8	-
- Prepaid and recoverable income taxes	4,574	3,268
- Prepaid and recoverable VAT	3,255	2,508
- Group and associates: tax consolidation	4,302	3,591
- Group and associates: cash pooling current accounts	282,819	220,401
- Other debtors	268	3,481
Sub-total – Other receivables	295,226	233,249
Total	305,310	243,357

Note 7. Receivables by maturity

Gross values	Gross amount	Due within one year	Due beyond one year
At December 31, in thousands of euros			
FIXED ASSETS			
Loans	41,674	27,772	13,902
Other long-term financial assets	603	603	-
Total	42,277	28,375	13,902
CURRENT ASSETS			
Trade receivables	10,084	10,084	-
Other receivables	295,226	295,226	-
Total	305,310	305,310	-

Note 8. Cash at bank and in hand

This item corresponds to amounts held in bank accounts not invested with Nexans Services at the balance sheet date.

Note 9. Breakdown of share capital

At December 31, 2010, the Company's share capital comprised 28,604,391 shares, each with a par value of 1 euro.

All of these shares are fully paid up, in the same class and carry the same rights, except for shares registered in the name of the same holder for at least two years, which carry double voting rights.

There are no founder's shares or other rights of participation in profits.

Note 10. Equity

10.1 Movements during the year

(In thousands of euros)	Share capital	Additional paid-in capital	Legal reserve	Retained earnings	Net income for the year	Regulated provisions	Total
At Dec. 31, 2009 before appropriation of net income	28,013	1,338,225	2,794	239,200	61,743	1,804	1,671,778
Appropriation of 2009 net income	-	-	8	61,735	(61,743)	-	-
Dividends paid	-	-	-	(28,102)	-	-	(28,102)
Other movements ⁽¹⁾	591	21,398	-	-	-	1,443	23,433
2010 net income	-	-	-	-	28,684	-	28,684
At Dec. 31, 2010 before appropriation of net income	28,604	1,359,622	2,801	272,833	28,684	3,247	1,695,792

(1) Other movements can be analyzed as follows:

- The issue of 108,996 new shares with a premium of 3,574,000 euros following the exercise of stock options.
- 482,467 new shares issued under an employee rights issue carried out as part of the Act 2010 employee share ownership plan. The issue premium amounted to 17,824,000 euros net of costs.
- A 1,443,000 euro addition to regulated provisions, corresponding to the excess tax amortization of share acquisition costs that are included in the cost of the related investments.

10.2 Dividend payment

At the next Annual Shareholders' Meeting, shareholders will be invited to approve the payment of a dividend of 1.1 euro per share, representing an aggregate amount of 31,464,830 euros based on the 28,604,391 shares outstanding at December 31, 2010.

The total amount of the dividend may be increased to take account of any additional shares issued as a result of the exercise of stock options between January 1, 2011 and the date of the Annual Shareholders' Meeting called to approve the dividend payment.

Note 11. Stock options

At December 31, 2010 there were 1,702,744 outstanding stock options held by employees, representing 5.9% of the Company's share capital.

Grant date	Number of options outstanding at the year end	Exercise price	Exercise period
April 4, 2003	27,200	€11.62	April 4, 2004 ⁽¹⁾ – April 3, 2011
November 16, 2004	193,250	€27.82	November 16, 2005 ⁽¹⁾ – November 15, 2012
November 23, 2005	196,391	€40.13	November 23, 2006 ⁽¹⁾ – November 22, 2013
November 23, 2006	340,000	€76.09	November 23, 2007 ⁽¹⁾ – November 22, 2014
February 15, 2007	19,000	€100.94	February 15, 2009 ⁽²⁾ – February 14, 2015
February 22, 2008	296,550	€71.23	February 22, 2009 ⁽¹⁾ – February 21, 2016
November 25, 2008	297,563	€43.46	November 25, 2009 ⁽¹⁾ – November 24, 2016
March 9, 2010	332,790	€53.97	March 9, 2011 ⁽¹⁾ – March 8, 2018
Total	1,702,744		

(1) Vesting at a rate of 25% per year.

(2) 50% vesting after two years and the balance vesting at an annual rate of 25% thereafter.

Changes in the number of options outstanding	Number of options
Options outstanding at the beginning of the year	1,497,525
Options granted during the year	335,490
Options cancelled during the year	(21,275)
Options exercised during the year	(108,996)
Options expired during the year	-
Options outstanding at the year-end	1,702,744
of which exercisable at the year-end	1,066,804

Note 12. Provisions

(In thousands of euros)	At Dec. 31, 2009	Increase	Decrease	At Dec. 31, 2010
Regulated provisions	1,804	1,443	-	3,247
Provisions for contingencies and charges	-	0	-	0

Regulated provisions recorded in 2010 correspond to the excess tax amortization of share acquisition costs that are included in the cost of the related investments.

Note 13. Borrowings

(In thousands of euros)	Bonds	Overdrafts and short-term bank loans	Total
At December 31, 2009	910,038	473	910,511
New borrowings	32,845	36	32,881
Repayments, reductions	(28,805)	(473)	(29,278)
At December 31, 2010	914,078	36	914,114

The Company's liquidity requirements in 2010 were met through proceeds from (i) the OCEANE bond issues carried out in 2006 and 2009, representing nominal amounts of 280 million euros and 213 million euros respectively, and (ii) the 350 million euro ordinary bond issue in 2007. The year-on-year change in 2010 in the amount recognized under bonds was solely due to interest payments.

Since Nexans Services was formed on October 1, 2008, this entity has taken over Nexans SA's role as head of the cash management and financing system for the Group's subsidiaries. Consequently, all of the Company's cash surpluses are now invested with Nexans Services.

At December 31, 2010 and 2009, Nexans had access to a 580 million euro committed medium-term revolving credit facility (expiring on October 16, 2012), none of which had been drawn down at those dates. This multi-currency revolving facility is subject to standard covenants (negative pledge, pari-passu and cross default) as well as financial ratio covenants calculated based on the consolidated financial statements of the Nexans Group (consolidated net debt/EBITDA < 2.95, and consolidated net debt/total equity < 1.15). These ratios were well within the specified limits at both December 31, 2010 and at the date the Board of Directors approved the financial statements. If any of the revolving facility covenants were breached, any undrawn credit lines would become unavailable and any amounts outstanding would be repayable, either immediately or after a cure period of thirty days depending on the nature of the breach. No drawdowns were made on this facility in 2010.

Note 14. Operating liabilities

At December 31, in thousands of euros	2010	2009
Customer deposits and advances	-	-
Trade payables	15,542	11,852
Accrued taxes and payroll costs:		
- Employee-related payables and accrued payroll costs	3,372	2,833
- Accrued taxes	1,658	1,587
- Tax consolidation suspense account	49,455	43,906
- Group companies: tax consolidation	5,512	8,741
Sub-total Accrued taxes and payroll costs	59,997	57,067
Other liabilities		
- Accrued expenses	733	100
Sub-total Other liabilities	733	100
Total	76,272	69,019

Note 15. Liabilities by maturity

At December 31, 2010, in thousands of euros	Amount	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	550,680	12,720	537,960	-
Other bonds	363,398	13,398	-	350,000
Bank borrowings	36	36	-	-
Trade payables	15,542	15,542	-	-
Accrued taxes and payroll costs	59,997	59,997	-	-
Other liabilities	733	733	-	-
Deferred income	401	64	253	84
Total	990,787	102,490	538,213	350,084

Note 16. Prepaid expenses and deferred income

	2010		2009	
At December 31, in thousands of euros	Expenses	Income	Expenses	Income
Financial	-	401	-	464
Other	57	-	81	-
Total	57	401	81	464

Deferred income corresponds to the gain realized on the interest-rate hedge relating to the bonds redeemable in 2017. This gain is being taken to the income statement symmetrically with the accrued interest over the life of the bonds.

Note 17. Deferred charges – Bond redemption premiums

17.1 Deferred charges

(In thousands of euros)	Amount				Dec. 31, 2010	Method of deferral
	Dec. 31, 2009	Recognized during the year	Amortized during the year	Charged to the issue premium		
Issue costs for convertible bonds	4,536	-	1,056	-	3,480	Straight-line basis over the term of each bond
Issue costs for bonds redeemable in 2017	1,782	-	223	-	1,559	Straight-line basis over 11 years (2007 to 2017)
Total	6,318	-	1,279	-	5,039	

17.2 Bond redemption premiums

(In thousands of euros)	Year of recognition	Gross premium	December 31, 2009		December 31, 2010		
			Accumulated amortization	Net premium	Amortization for the year	Accumulated amortization	Net premium
Redemption premium on 2006-2013 1.50% OCEANE bonds	2006	45,360	24,385	20,975	6,992	31,377	13,983
Redemption premium on 2007-2017 5.75% ordinary bonds	2007	2,569	685	1,884	257	942	1,627
Total				22,859	7,249		15,610

Bond redemption premiums are amortized on a straight-line basis over the life of the bonds. The amortization expense for 2010 amounted to 7,249,000 euros.

Note 18. Accrued expenses & income

At December 31, in thousands of euros	2010	2009
Accrued expenses relating to:		
- Interest on bonds	26,118	22,078
- Accrued payables	14,394	11,723
- Group and associates	-	-
- Employee-related liabilities	2,257	1,846
- Payroll taxes	730	571
- Other taxes	1,639	1,237
- Other liabilities	733	100
Accrued income relating to:		
- Interest on loans	7,996	8,790
- Trade receivables	9,708	7,090
- Prepaid and recoverable taxes	2,348	1,894
- Group and associates: Interest on other current accounts	462	97
- Other receivables	-	3,013

Note 19. Translation adjustments

N/A.

Note 20. Items relating to several balance sheet lines

N/A.

Notes to the income statement

Note 21. Net sales

Nexans' 2010 net sales came to 12,882,000 euros, and primarily related to the invoicing of services provided to its subsidiaries.

Note 22. Income from ordinary activities before tax

22.1 Operating income/(loss)

After taking into account rebillings to subsidiaries, the Company reported an operating loss of 18,605,000 euros for 2010, corresponding to headquarters expenses, Group cross-business marketing costs, depreciation, amortization and provisions, and various consulting fees.

22.2 Financial income and expenses

In 2010, Nexans received dividend payments totaling 82,762,000 euros, and 1,113,000 euros in net investment income from Nexans Services.

Interest received on loans granted to the Company's North American subsidiaries amounted to 3,984,000 euros. The Company also received net other financial income of 891,000 euros.

Interest expense on the Company's bonds came to:

- OCEANE bonds redeemable in 2013: (4,200,000) euros
- OCEANE bonds redeemable in 2016: (8,520,000) euros
- Ordinary bonds redeemable in 2017: (20,125,000) euros

Amortization expense on the redemption premiums for the bonds redeemable in 2013 and 2017 amounted to 6,992,000 euros and 257,000 euros respectively (see Note 17-2).

Taking into account net foreign exchange losses of 469,000 euros, the Company ended the year with net financial income of 48,187,000 euros.

Note 23. Non-recurring items

Non-recurring items mainly correspond to the excess tax amortization of transaction costs on share acquisitions (see Note 12).

Note 24. Income taxes

(In thousands of euros)	Income from ordinary activities	Non-recurring items and employee profit-sharing	Other tax effects	Total
Pre-taxes income	29,582	(1,570)	-	28,012
Income taxes:				
- At standard rate	723	-	-	723
- Benefit (charge) from tax consolidation	-	-	(51)	(51)
Income taxes	723	-	(51)	672
Net income	30,305	(1,570)	(51)	28,684

24.1 Notes

The amount recorded under standard rate income tax in 2010 corresponds to a research tax credit.

The tax consolidation charge stemmed primarily from an adjustment to the income tax due by members of the tax group.

24.2 Tax consolidation

Nexans has entered into a tax consolidation agreement with its French subsidiaries in which it directly or indirectly holds an interest of more than 95%. This agreement, which came into force on January 1, 2002, was signed pursuant to the option taken by Nexans to adopt a French tax consolidation group in accordance with Article 223 A *et seq.* of the French Tax Code.

This option is automatically renewable every five years and the current expiration date is December 31, 2011. For every taxation period, the contribution of each subsidiary to the corporate income tax payable on the consolidated net income of the tax group corresponds to the corporate income tax and other contributions for which each subsidiary would have been liable if it had been taxed on a stand-alone basis.

As part of the tax consolidation agreement under which Nexans SA is liable for the global tax charge, the cumulated tax loss at December 31, 2010, represents an unrecognized tax asset of 39,712,000 euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2010.

Miscellaneous information

Note 25. Consolidation – Related companies

Nexans publishes consolidated financial statements. Related party transactions primarily concern subsidiaries and associates.

The main balance sheet and income statement items affected are as follows:

Facts regarding related companies

(In thousands of euros)

	2010	2009
BALANCE SHEET ITEMS		
Assets		
Shares in subsidiaries and associates, net	2,318,092	2,318,092
Loans, net	41,674	60,852
Trade receivables, net	10,084	10,108
Other receivables, net	282,819	220,401
Current accounts with subsidiaries in the consolidated tax group	4,302	3,591
Liabilities		
Trade payables	12,284	8,252
Current accounts with subsidiaries in the consolidated tax group	5,512	8,741
INCOME STATEMENT ITEMS		
Financial expenses	252	122
Dividend income	82,762	108,567
Financial income	5,103	5,407

Note 26. Number of employees (annual average)

(In number of employees)

	2010	2009
Managerial employees	6	6
Other white-collar workers	-	-
Blue-collar workers	-	-
Total	6	6

Note 27. Management compensation

In 2010, the total amount of gross compensation, benefits and directors' fees paid to the Chairman and CEO was 1,273,000 euros.

Gérard Hauser held the position of Chairman and CEO until the Annual Shareholders' Meeting of May 26, 2009 when he was replaced by Frédéric Vincent, Nexans' Chief Operating Officer up until that date.

Compensation paid to Gérard Hauser and Frédéric Vincent breaks down as follows:

	2010	2009
Basic salary	750 ⁽¹⁾	1,010
Variable compensation ⁽²⁾	697	983 ⁽¹⁾
Exceptional compensation	0	417 ⁽³⁾
Directors' fees	34 ⁽¹⁾	50 ⁽⁴⁾
Other benefits	6 ⁽¹⁾	7
Total	1,487	2,467

(1) For Frédéric Vincent, the sum of these amounts corresponds to his total gross pre-tax compensation for year Y.

(2) Compensation due for year Y but payable in Y+1, except for a 500,000 euro termination settlement paid to Gérard Hauser in 2009.

(3) In 2009 this item corresponded to (i) an exceptional bonus of 140,000 euros paid to Gérard Hauser in his capacity as a corporate officer, (ii) a 184,000 euro retirement bonus paid to Gérard Hauser pursuant to the applicable collective bargaining agreement, of which 181,000 euros were subject to income tax, and (iii) 94,000 euros paid to Frédéric Vincent and Gérard Hauser for accrued vacation pay due pursuant to their former employment contracts.

(4) Including 34,000 euros paid to Frédéric Vincent and 16,000 euros to Gérard Hauser in their capacity as Chairman and CEO (paid in January 2010).

Nexans' directors received 496,000 euros in directors' fees for 2010.

Note 28. Off-balance sheet commitments

28.1 Reciprocal commitments

Reciprocal commitments in 2010 related to forward sales of currencies (US dollars) whose fair value totaled a negative 2,331,000 euros at the balance sheet date.

28.2 Commitments given

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 1,670 million euros at December 31, 2010.
- As part of the process to set up a new securitization program for euro-denominated trade receivables in the second quarter of 2010, Nexans granted a joint and several guarantee to the arranging bank. This guarantee covers (i) the payment obligations of the two Nexans subsidiaries selling the receivables under the program and (ii) the consequences that could arise if any of the receivables sales under the program were rendered invalid, notably in the event that insolvency proceedings are initiated against either of the two subsidiaries selling the receivables.

At the year-end, this joint and several guarantee was valued at 34 million euros for the portion covering the subsidiaries' payment obligations and 250 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2010 and an actual term that varies depending on the seller and the type of obligation concerned.

28.3 Commitments received

Commitments received correspond to the Company's 580 million euro unused revolving credit facility.

28.4 Property lease commitments

N/A.

Note 29. Fees paid to the Statutory Auditors

2010 Auditors fees for their statutory audit work break down as follows (in thousands of euros):

	Audit of the corporate financial statements	Audit of the consolidated financial statements	Total
KMPG 1, cours Valmy, 92923 Paris-La Défense, France	18	181	199
PricewaterhouseCoopers Audit 63, rue de Villiers, 92208 Neuilly-sur-Seine, France	17	269	286
	35	450	485

Note 30. Subsequent events

N/A.

Note 31. Other information

In late January 2009 investigations were launched against Nexans and other cable manufacturers concerning alleged cartel behavior in the sector of submarine and underground power cables and associated equipment and services. These investigations – which are still ongoing – are being conducted by the European Commission, as well as competition authorities in Australia, South Korea (in addition to an investigation into the Group's local operations), the United States and Brazil (launched in 2010). Similar investigations in Japan and New Zealand have now been completed.

The Group is not in a position to evaluate the possible outcome of these investigations. However, without prejudice to the conclusions of the investigations, given the level of fines imposed by the US and European competition authorities in recent cases and the potential direct and indirect consequences of this type of investigation, it is possible that these investigations may have a material adverse effect on the Group's earnings and consequently its financial position.

Statutory Auditors' report on the financial statements

(year ended December 31, 2010)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Nexans S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in Note 31 «Other information» to the financial statements, which reports that investigations were launched against the Company in late January 2009 in relation to alleged cartel behavior.

Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention our own assessments:

The Company records a provision for impairment of its equity investments when their carrying amount exceeds their fair value, which is estimated on the basis of their value in use, as described in the section "Long-term financial assets" of Note 2 "Summary of significant accounting policies" to the financial statements. Our work consisted of assessing the data and assumptions on which those estimates are based, reviewing the calculations made by the Company, and reviewing the management's process for approving those estimates.

As part of our assessments, we also ensured that those estimates were reasonable.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verifications and information

In accordance with professional standards applicable in France, we have also performed 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 of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, April 1, 2011

KPMG Audit
Department of KPMG S.A.



Valérie Besson
Partner

PricewaterhouseCoopers Audit



Dominique Ménard
Partner

Additional information

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Information about Nexans SA and the Group

Simplified organizational structure*



* Simplified operational structure at December 31, 2010. Nexans' main direct and indirect subsidiaries are listed in Note 33 to the 2010 consolidated financial statements on pages 204 to 206 of this Registration document.

Major shareholders

Estimated breakdown of share capital and voting rights at December 31, 2010

	Share capital		Voting rights*	
	Number of shares	%	Number of voting rights	%
Madeco (Chile)	2,568,726	9.0%	2,568,726	8.9%
Fonds Stratégiques d'Investissement (Caisse des Dépôts)	1,490,102	5.2%	1,490,102	5.1%
Other institutional shareholders	1,417,700	5.0%	1,417,700	4.9%
Employees	18,247,417	63.8%	18,284,891	62.9%
Other private individuals	878,447	3.1%	1,167,163	4.0%
Unidentified shareholders	3,035,488	10.6%	3,167,490	10.9%
Actionnaires non identifiés	966,511	3.3%	966,511	3.3%
Total	28,604,391	100%	29,062,583	100%

Sources : : [Euroclear France, shareholders in registered form, shareholder identification survey and threshold disclosures filed with the AMF (French financial markets authority)].

* Shares registered in the name of the same holder for at least two years carry double voting rights. In accordance with the Company's bylaws, a shareholder's voting rights are limited to 8% (in the case of single voting rights) and 16% (in the case of double voting rights) of the voting rights attached to shares held by shareholders present or represented when voting on resolutions at a Shareholders' Meeting.

As the Company's ownership structure changes frequently, the estimated breakdown above is not necessarily representative of the situation at the date this Registration document was published.

To the best of the Company's knowledge, no legal thresholds other than those mentioned above were crossed between the date of the 2010 Management Report (February 11, 2011) and the date this Registration document was published.

At December 31, 2010, Board members held [0.2%] of the Company's share capital and voting rights.

To the best of the Company's knowledge, no shareholder other than those cited above holds more than 5% of the share capital or voting rights.

The Company does not hold any treasury shares and each member of the Board holds at least the number of shares recommended in the Company's bylaws.

Nexans is not aware of the existence of any individual or legal entity that, directly or indirectly, acting alone or in concert, exercises control over Nexans' share capital, nor of any agreement that if implemented could trigger a change of control of the Company.

Nexans announced the execution on March 27, 2011 of an agreement with its main shareholder, Madeco (see the section entitled "2011 Annual Shareholders' Meeting" on page 252 of this Registration document).

Estimated ownership structure by geographic area

At December 31, 2010, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	23.5%
Institutional investors – United States	27.9%
Institutional investors – UK and Ireland	8.4%
Institutional investors – Other European countries	13.6%
Institutional investors – Other countries (incl. South America)	9.5%
Private individuals	10.6%
Employees	3.1%
Unidentified shareholders	3.4%

Changes in Nexans' ownership structure over the last three years

Shareholders	Estimated situation at December 31, 2008			Estimated situation at December 31, 2009			Estimated situation at December 31, 2010		
	Number of shares	% ownership	% voting rights	Number of shares	% ownership	% voting rights	Number of shares	% ownership	% voting rights
Institutional investors	23,440,092	83.9	83	23,128,758	82.6	81.5	23,723,945	83.0	81.8
Employees	395,680	1.4	2.2	478,243	1.7	2.5	878,447	3.1	4.0
Members of the Board of Directors	28,361	0.1	0.1	52,891	0.2	0.2	79,198	0.3	0.3
Other private individuals	3,930,973	14.1	14.2	3,392,963	12.1	12.4	2,956,290	10.3	10.6
Treasury stock									
Unidentified shareholders	141,847	0.5	0.5	960,073	3.4	3.4	966,511,	3.3	3.3

See also Section 8 of the 2010 Management Report («Information concerning the Company and its capital»), particularly relating to the share capital at December 31, 2010, securities carrying rights to shares in the Company, changes in Nexans' share capital over the last five years, disclosure thresholds crossed in 2010 and employee share ownership (pages 54 to 57 of this Registration document).

General information

Company profile

Corporate name and registered office:
Nexans
8 rue du Général Foy, 75008 Paris, France
Tel.: + 33 (0)1 73 23 84 00

Legal form and governing law

Nexans is a French *société anonyme*, subject to all the laws governing corporations in France, and in particular the provisions of the French Commercial Code.

Trade register number

The Company is registered in the Paris Trade Register under number 393 525 852. Its APE business identifier code is 7010Z.

Documents available to the public

Nexans' bylaws, the financial statements of the Company and the Group, reports submitted to the Shareholders' Meetings by the Board of Directors and the Statutory Auditors, and all other corporate documents that may be consulted by shareholders in accordance with the applicable laws and regulations are available at the Company's registered office and, in some cases, on Nexans' website at www.nexans.com. This website also contains the legal and financial information that has to be published in accordance with Articles 221-1 et seq. of the General Regulations of the AMF, the Internal Regulations of the Board of Directors, and Nexans' Code of Ethics and Business Conduct.

Date of incorporation and term

The Company was incorporated on January 5, 1994, under the name "Atalec" (changed to "Nexans" at the Shareholders' Meeting held on October 17, 2000), for a term of 99 years which will expire on January 7, 2093. Nexans was formed from most of Alcatel's cable activities and was floated on the Paris stock market in 2001. Alcatel no longer holds any ownership interest in Nexans.

Corporate purpose (summary of Article 2 of the bylaws)

The Company's purposes in all countries are the design, manufacture, operation and sale of any and all equipment, materials and software for domestic, industrial, civilian, military or other applications in the fields of electricity, telecommunications, information technology, electronics, the aerospace industry, nuclear power, and metallurgy, and in general any and all means of production or means of power transmission and communications (cables, batteries and other components), as well as all activities relating to operations and services which are incidental to these purposes. The acquisition of shareholdings in other companies, regardless of their form, associations, French and foreign groups, regardless of their corporate purpose and activity, as well as, in general, any and all industrial, commercial and financial transactions, involving both securities and real estate, related either directly or indirectly, in whole or in part, to any of the purposes of the Company indicated in the bylaws or to any similar or related purposes.

Financial year

The Company's financial year begins on January 1 and ends on December 31.

Specific provisions of the bylaws

Form of shares, evidence of ownership and disclosure thresholds (Article 7 of the bylaws)

Fully paid-up shares may be held in either registered or bearer form, at the shareholder's discretion.

In addition to the legal requirement to inform the Company of holdings exceeding certain fractions of the Company's share capital, any individual or legal entity and/or any existing shareholder whose interest in the Company attains or exceeds 2% of the share capital or voting rights must notify the Company of the total number of shares held within a period of fifteen days from the time the threshold is crossed; this notification shall be sent by registered letter with return receipt requested. The same disclosure formalities must be carried out each time the threshold of a multiple of 2% of the share capital or voting rights is crossed. To determine the thresholds, all shares held indirectly shall be taken into account as well as all the forms of shareholding covered by Articles L.233-7 et seq. of the French Commercial Code.

In each notification filed as set forth above, the party making the disclosure must certify that it covers all shares held or deemed to be held pursuant to the foregoing paragraph. They must also disclose the relevant acquisition date(s).

In the event of non-compliance with these disclosure obligations and subject to applicable law, the shareholder shall forfeit the voting rights corresponding to any shares that exceed the thresholds which should have been disclosed. Any shareholder whose stake in the share capital falls below any of the above-mentioned thresholds must also notify the Company within fifteen days, in the same manner as described above.

Ownership of shares is evidenced by an entry in the shareholder's name in the share register held by the issuer or by an accredited intermediary. Transfers of registered shares are made by inter-account transfer. All share registrations, payments and transfers shall be made in accordance with the applicable law and regulations. Unless the shareholders concerned are exempted by law, the Company may require that the signatures on disclosures or transaction or payment orders be certified in accordance with the prevailing law and regulations.

In accordance with the applicable laws and regulations the Company may request from any accredited intermediary or other body any information on its shareholders or holders of securities carrying immediate or deferred voting rights, including their identity, the number of securities held and any restrictions on the securities.

Shareholders' meetings (Article 20 of the bylaws)

Shareholders' meetings are convened and conduct business in accordance with the provisions set forth by law. When the required quorum is reached, the Shareholders' Meeting represents all the shareholders. Its resolutions are binding on all shareholders, including those who were absent or dissenting at the meeting concerned. In addition, if decided by the Board of Directors, shareholders may participate in and vote at meetings by videoconference or any other remote transmission method that enables them to be identified, in accordance with the terms and methods set forth by law.

For shareholders to be eligible to attend General Meetings, cast a postal vote or be represented by proxy the following conditions must be met:

- registered shares must be recorded in the name of their owner in the share register managed by the Company or by its accredited intermediary;
- holders of bearer shares must provide a certificate evidencing ownership of their shares, in accordance with the law.

In order for postal votes to be taken into consideration they must be received by the Company at least one business day before the meeting (by 3 p.m. Paris time at the latest), unless a shorter timeframe is provided for under the applicable laws and regulations.

Voting rights (Article 21 of the bylaws)

Subject to applicable law and the Company's bylaws, each shareholder shall have a number of votes equal to the number of shares that he or she holds or represents. Voting rights are exercisable by the beneficial owner at all Ordinary, Extraordinary and Special Shareholders' Meetings.

Double voting rights (Article 21 of the bylaws)

All fully paid-up shares that have been registered in the name of the same holder for at least two years carry double voting rights. Any registered shares that are converted to bearer shares or whose ownership is transferred automatically lose their double voting rights. However, registered shares will not lose their double voting rights, and the above-mentioned two-year qualifying period shall continue to run, following the transfer from one registered shareholder to another as part of a transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate or an inter vivos donation to a spouse or relative in the direct line of succession.

Restrictions on voting rights (Article 21 of the bylaws)

Regardless of the number of shares held directly and/or indirectly, when voting on resolutions at Shareholders' Meetings either in person or by proxy, a shareholder with single voting rights may not exercise a number of voting rights representing more than 8% of the voting rights of all shareholders present or represented at the meeting concerned. If a shareholder is also entitled to double voting rights either when voting in person or by proxy, this limit may be exceeded taking into account only the additional voting rights. However, the total voting rights exercised may not under any circumstances represent more than 16% of the voting rights of all shareholders present or represented.

To determine this limitation, all shares held indirectly shall be taken into account, as well as all the forms of shareholding covered by Articles L.233-7 et seq. of the French Commercial Code. The limitation determined in the foregoing paragraph shall not apply to the Chairman of a meeting when voting pursuant to proxies received in accordance with the legal obligations contained in Article L.225-106 of the French Commercial Code.

Appropriation of income (Article 23 of the bylaws)

The difference between revenue and expenses for the year, net of any provisions, constitutes the net income or loss for the year as recorded in the income statement. Five percent of the net income, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one tenth of the share capital. Further transfers are made on the same basis if the legal reserve falls below one-tenth of the share capital, whatever the reason. Income available for distribution consists of net income for the year less any losses brought forward from prior years and any transfer made to the legal reserve as explained above, plus retained earnings brought forward from prior years.

On the recommendation of the Board of Directors, shareholders in a General Meeting may appropriate all or part of said income to retained earnings or to general or special reserves, or decide to pay all or part of the amount to shareholders in the form of a dividend. In addition, the shareholders may resolve to distribute amounts taken from discretionary reserves either to pay all or part of a dividend or as an exceptional dividend. In this case, the resolution shall indicate specifically the reserve account from which the payments are to be made. However, dividends will first be paid out of distributable income for the year.

Shareholders at an Ordinary General Meeting may decide to offer each separate shareholder the option of receiving all or part of the final dividend or any interim dividend in the form of shares instead of cash.

In the event of interim dividends, the Shareholders' Meeting or the Board of Directors shall determine the date on which the dividend is to be paid.

Material contracts

In the two years immediately preceding the publication of this Registration document, Nexans entered into one agreement that is outside its normal course of business, not taking into account (i) the bond indenture for the OCEANE 4% 2016 bonds described in **Note 24** to the 2010 consolidated financial statements (Net debt) on page 172, and (ii) the receivables securitization program set up in April 2010, as described in **Note 26(a)** to the 2010 consolidated financial statements (in the “Financial risks” section on page 176). This agreement is as follows:

- On March 27, 2011, Nexans entered into an agreement with Madeco, its main shareholder, aimed at giving Madeco a leading position in the Company's share capital by raising its ownership interest from 9% to 20%. The agreement has a ten-year term, effective from the date on which Madeco's interest in Nexans reaches 15%. The underlying aim is to give the Company a more stable ownership structure over the long term and have the support of a major partner for the Group's strategy approved by the Board of Directors, while at the same time retaining the Group's independence. The agreement is published in full on the Company's website www.nexans.com and its main provisions are described page 252 of this Registration document.

In addition:

- In 2006, Nexans signed an agreement with the Japanese company Viscas Corporation in order to form a joint venture in Japan for manufacturing high-voltage cables. Cables made by the new company, Nippon High-Voltage Cable Corporation, or NVC, are sold only to its direct and/or indirect shareholders. NVC does not conduct sales to other parties nor does it carry out any other commercial activities. NVC is 66%-owned by Nexans Participations and 34%-owned by Viscas Corporation. NVC purchased the equipment and machines necessary for its operations from Viscas, and is leasing its plant from Viscas. Neither party may sell its shares in NVC without prior approval from the other party. However, under certain circumstances, Viscas will be entitled, or even required, to sell all its NVC shares to Nexans at a price corresponding to the percentage of NVC's net asset value they represent. These circumstances include a refusal by Viscas to provide additional financing to NVC in an aggregate amount exceeding 3,420 million yen, failure to comply with an essential clause of the agreement, and expiration of the agreement.

- On February 21, 2008, Nexans signed an agreement with the Chile-based group Madeco with a view to purchasing Madeco's cables business in South America (Chile, Peru, Colombia, Argentina and Brazil). The transaction was completed on September 30, 2008. Following the issuance of 2.5 million Nexans shares to Madeco, the Madeco group holds approximately 9% of Nexans' share capital. As part of the acquisition Madeco undertook not to sell over 50% of its initial stake in Nexans until March 31, 2010. In addition, under the acquisition agreement, Nexans undertook to recommend at the Annual Shareholders' Meeting that a director nominated by Madeco be elected as a director and that Madeco should continue to have a seat on the Board for as long as it retains 50% of its initial stake in Nexans. Guillermo Luksic, Chairman of Madeco, was appointed as a member of Nexans' Board of Directors in 2008 for a term of office expiring at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2011.
- On December 4, 2008, Nexans entered into a joint venture agreement with the Japanese company Sumitomo Electric Industries in order to provide optical fibers for European terrestrial telecommunication networks through Opticable – an existing Nexans subsidiary. The transaction was cleared by the European Commission on January 16, 2009 and was closed on January 30, 2009. At that date Sumitomo acquired a 40% stake in Opticable, with Nexans retaining the residual 60% interest. A framework agreement was signed at the same time between the parties concerning the supply of optical fiber. Under the joint venture agreement, each party may be required to sell its shares to the other party in certain circumstances.
- On March 3, 2009, Nexans announced that it had signed a final agreement with Polycab Wires Private Limited (“Polycab”), India's largest cable company, for the creation of a joint venture in India to be majority-held by Nexans. The Group has received clearance from the Indian authorities concerning the way in which Nexans' technology will be transferred to the joint venture, and the first steps towards building the plant have been taken. The joint venture – which was registered in 2010 under the name Nexans Polycab Private Ltd – is expected to start operations in 2012.

Nexans is not aware of any other contracts (other than (i) the contracts entered into in the normal course of business, including the commodities purchase agreements described in Section 6.2.3 of the 2010 Management Report, and (ii) the financial commitments described in **Note 24** to the 2010 consolidated financial statements) executed by any member of the Group that include provisions imposing upon any member of the Group a significant obligation or commitment for the entire Group.

Investments

Nexans' gross capital expenditure in 2010, 2009 and 2008 came to 129 million euros, 148 million euros and 192 million euros respectively. The reduction in capital expenditure between 2008 and 2010 reflects the Group's more targeted approach to its strategic priorities.

In 2010, capital expenditure broke down as follows:

- By market: Energy Infrastructure accounted for 62% of total capital outlay. The amounts concerned were notably used for projects aimed at increasing production and installation capacity for submarine cables and to extending the range of "umbilical" products. Capital expenditure incurred for the Industry segment represented 11% of the total and was primarily devoted to the re-launch of the Harness business and the finalization of the project to set up a rubber compound production facility in South Korea. The Building segment and the Telecom segment (which comprises Local Area Networks and Telecom Infrastructure) accounted for 11% and 7% of total capital spend, used for (i) the ongoing project to step up production capacity for optical fiber cables and (ii) maintenance of the manufacturing base. Electrical Wires represented 4% of the total and the remaining 5% was mainly dedicated to developing the Group's Enterprise Resource Planning systems.
- By geographic area: Europe's proportion of total capital expenditure was a high 70% in 2010, due to expenses incurred for the submarine and umbilical cables businesses. At the same time, significant capital expenditure projects were carried out in the MERA region (Middle East/Russia/Africa), as a result of the start-up of operations at the Qatar plant and the extension of the Lebanon facility. This region represented 7% of the Group total. In the Asia-Pacific region – which accounted for 9% of the Group's overall capital outlay – the main investments related to finalizing the above-mentioned project concerning a rubber compound production facility. In South America (8% of the Group total), a manufacturing reorganization plan was launched in Brazil with the aim of reducing the number of production sites from three to two. Meanwhile, capital expenditure in North America was a modest 3% of the Group total, in keeping with overall market trends.

The main capital expenditure programs in 2010 concerned the following:

- Increasing production and installation capacity for submarine cables (through extension and conversion works on the Group's cable-laying ship, the Skagerrak).
- Broadening the Group's range of umbilical cables (in Norway).
- Launching the first tranche of extension works at the Frameries site in Belgium (which is held under a joint venture with the Sumitomo group) with a view to raising the site's capacity for manufacturing optical fiber cables.
- Streamlining production facilities in Italy and Brazil.

The Group has an ambitious capital expenditure plan for the coming years, covering a range of "Industrial Footprint" projects. The underlying aim of the plan is twofold. First, to enable Nexans to broaden its reach in the high-growth BRIC countries (Brazil, Russia, India and China) as well as high-growth segments, with a new plant in India, additional capacity in Russia (for the Infrastructure segment) and the Middle East (Qatar and Lebanon), and expansion in China (e.g., for special cables). And second, for the Group to be able to increase its production of high value-added products in Europe.

Property, plant and equipment

The Group's plants and facilities are located in 55 countries around the world, and they represent a wide range of sizes and types of business. None of the Group's property, plant or equipment individually represents a material amount for the Group as a whole (i.e., an amount exceeding 6% of the Group's total gross property, plant, and equipment – replacement value). As an industrial group, Nexans does not own significant non-operating real estate assets. No material acquisitions of property, plant and equipment took place in 2010. The Group plans to build a manufacturing site in India as part of its joint venture with Polycab (see the section on "Material contracts" above).

The environmental issues raised by the use of property, plant and equipment are addressed in Section 9.4.2 of the 2010 Management Report ("Environmental consequences of the Group's operations and measures taken to limit their impact") on page 77 of this Registration document.

Legal and arbitration proceedings

The Group is involved in a number of disputes and legal proceedings, the most significant of which are described in the "Risk factors" section of the 2010 Management Report on page 38 of this Registration Document and in Note 31 to the consolidated financial statements ("Disputes and contingent liabilities") on page 201.

The most significant proceedings in which the Group is currently involved are the competition investigations launched in late January 2009 against Nexans and other cable manufacturers, as described on page 37 of this Registration Document. In addition, Nexans issued a press release on April 14, 2011 indicating that it has been informed by the Canada Competition Bureau of the commencement of an investigation of suppliers of submarine high voltage power cables, including Nexans ; this investigation appears to be related to the investigations launched in late January 2009. In view of the level of fines imposed by the US and European competition authorities in recent cases and the potential direct and indirect consequences of this type of investigation, it is possible that these proceedings may have a material adverse effect on the Group's financial position.

Apart from the cases referred to above, to the Company's knowledge there are no other governmental, administrative, legal or arbitration proceedings, whether suspended or threatening the Company, that the Company considers at the present date could reasonably have, or have had in the last 12 months, a material impact on the financial position or profitability of the Company or the Group.

In addition, on March 23, 2011, an investigation has been launched by Colombian antitrust authorities against three local cable manufacturers, including Nexans Columbia, the Nexans Group Colombian subsidiary. The two and a half years period covered by the investigation corresponds to a period where Nexans Colombia had not yet entered the Nexans Group (acquisition of Madeco's cable activities as of October 1, 2008). As of today, the Company cannot anticipate the possible consequences of this investigation. The scope of this investigation is not related to the scope of the investigations launched in late January 2009 by various antitrust authorities in the sector of submarine and underground power cables and associated equipment and services.

Significant events since the year-end and approval of the 2010 Management Report

Significant changes in the Group's financial or commercial position

The first few months of 2011 have seen a marked improvement in sales volumes for the majority of the Group's businesses, although there still remain a number of challenges, as described in the "Trends and outlook" section of the Management Report. Recent market developments have confirmed that the Group has got its medium-term strategic priorities right.

As far as the Group is aware, there have been no significant changes to the Group's financial or commercial position since December 31, 2010. The possible consequences for the Group, including from a financial standpoint and in terms of supply, of the recent events in North Africa and in the Middle East (and in particular in Libya and Egypt) and in Japan are under assessment as of the date of this Registration document.

Significant events

On March 27, 2011 Nexans entered into an agreement with Madeco, its main shareholder, aimed at giving Madeco a leading position in the Company's share capital by raising its ownership interest from 9% to 20%.

As the agreement corresponds to a related-party agreement, it was authorized in advance by Nexans' Board of Directors on March 25, 2010 and will be submitted for approval at the 2011 Annual Shareholders' Meeting. The full text of the agreement is available on Nexans' website at www.nexans.com, under Finance and then Regulatory required information – Press releases. A description of its main provisions is provided in the press release issued by the Company on March 28, 2011 as well as in the Board of Directors' report on the resolutions to be submitted for approval at the May 31, 2011 Annual Shareholders' Meeting as set out in the notice of meeting. (See the section entitled "Material contracts" on page 243 of this Registration document and the section entitled "2011 Annual Shareholders' Meeting" on page 252 of this Registration document).

Related-party agreements and Statutory Auditors' special report

List of related-party agreements

1. Prior agreements remaining in force in 2010

1.1 Corporate officer involved: Georges Chodron de Courcel, Nexans Board member and Chief Operating Officer of BNP Paribas

• Syndicated loan agreement of December 28, 2004 and the first amendment thereto

The Board of Directors resolved on November 16, 2004 to authorize a syndicated loan, and a syndicated loan agreement was executed on December 28, 2004. This 450,000,000 euro multi-currency revolving facility agreement was executed by Nexans (as borrower) and 14 credit institutions including BNP Paribas (as lender and swingline lender). BNP Paribas was also appointed as the syndicate agent.

The fee paid for 2004 and shared among the lenders in proportion to their contributions was 780,400 euros. BNP Paribas also receives an annual agency fee of 12,500 euros before tax.

An amendment to the cost and structure of the agreement was authorized by the Board of Directors on September 26, 2005, and executed on October 17, 2005. Under this amendment, the term of the loan agreement was extended to 5 years from the date the amendment was executed, with the possibility of extending it to 7 years, and the spreads and commitment fees payable under the agreement were decreased. The fee paid for 2005 and shared among the lenders in proportion to their contributions was 215,000 euros.

• Second amendment to the syndicated loan agreement of December 28, 2004

A second amendment to the syndicated loan agreement was required following the Group's transition to IFRS. This amendment, approved by Nexans' Board of Directors on May 15, 2006 and executed on June 30, 2006, changed the method and basis used to calculate the financial ratio covenants and commitment fees, and clarified Nexans' reporting obligations to the lenders.

• Global underwriting agreement for OCEANE bonds issued in 2006

As part of the issue of Nexans' 1.50% July 7, 2006/January 1, 2013 OCEANE bonds (bonds convertible into new shares and/or exchangeable for existing shares), a global underwriting agreement authorized by the Board of Directors on June 26, 2006, was executed on June 29, 2006 with two banks (including BNP Paribas). Pursuant to this agreement, Nexans undertook to issue OCEANE bonds representing a maximum nominal value of 280 million euros, and the bank syndicate undertook to place the bonds or subscribe the bonds itself on the basis of certain representations and warranties given by Nexans and in return for payment by Nexans.

The guarantors are BNP Paribas and Société Générale Corporate & Investment Banking. The fee paid for 2006 and shared among the guarantors was 4,200,000 euros.

• Third amendment to the syndicated loan agreement of December 28, 2004

A third amendment to the syndicated loan agreement, approved by Nexans' Board of Directors on September 27, 2006 and executed on October 30, 2006, increased the amount available under the credit facility by 130 million euros to a total of 580 million euros. The fee paid for 2006 and shared among the lenders in proportion to their contributions was 405,000 euros.

• Global underwriting agreement for ordinary bonds maturing in 2017

As part of the issue of Nexans 5.75% 2017 ordinary bonds, an underwriting agreement authorized by the Board of Directors on March 27, 2007 was executed on April 25, 2007 with a bank syndicate (comprising BNP Paribas as lead bank, participating jointly and for equal amounts with Société Générale and UBS Limited). Pursuant to this agreement, Nexans undertook to issue bonds representing a maximum nominal value of 350 million euros, and the bank syndicate undertook to place the bonds or subscribe the bonds itself on the basis of certain representations and warranties given by Nexans and in return for payment by Nexans.

The guarantors are BNP Paribas, Société Générale and UBS. The fee paid for 2007 was 2,450,000 euros.

- **Fourth amendment to the syndicated loan agreement of December 28, 2004**

The purpose of this fourth amendment, approved by the Board of Directors on July 23, 2008 and executed on August 20, 2008, was to include Nexans Services – Nexans' newly-created financing company – as a joint borrower for the purposes of the December 28, 2004 syndicated loan agreement.

- **Global underwriting agreement for OCEANE bonds issued in 2009**

As part of the June 23, 2009 issue of 4 million OCEANE bonds convertible into new shares and/or exchangeable for existing shares redeemable on January 1, 2016 (the OCEANE 2016 bonds), a global underwriting agreement authorized by the Board of Directors on June 12, 2009, was executed on June 15, 2009 with a bank syndicate (including BNP Paribas). Pursuant to this agreement, Nexans undertook to issue OCEANE bonds representing a maximum nominal value of 212,600,000 euros, and the bank syndicate undertook to place the bonds or subscribe the bonds itself on the basis of certain representations and warranties given by Nexans and in return for payment by Nexans.

The guarantors are BNP Paribas, ABN Amro Bank N.V., Calyon, UBS Limited and Société Générale. The fee paid for 2009 and shared among the guarantors was 3,189,000 euros.

1.2 Corporate officer involved: Frédéric Vincent, Chairman and CEO

- **Termination indemnity**

On April 3, 2009, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event that he is removed from his position as Chairman and Chief Executive Officer.

The termination indemnity payable to the Chairman and Chief Executive Officer will be equal to one year of his total compensation, i.e., 12 times his most recent monthly base salary plus the corresponding percentage of his bonus. It will be paid only if the Board of Directors notes that two performance conditions have been met. The first of these is based on the Group's financial performance by reference to quantitative targets set by the Board of Directors at the beginning of each year as part of the performance criteria on which the variable portion of Frédéric Vincent's compensation is based, as recorded for a given year by the Board of Directors at the beginning of the following year. The second condition is based on the Company's share performance compared to the SBF 120 index.

- **Non-compete indemnity**

On April 3, 2009, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent.

As compensation for an undertaking not to exercise any business that would compete either directly or indirectly with one of the Company's businesses for a period of two years from the end of his term of office as Chairman and Chief Executive Officer, Frédéric Vincent will receive a non-compete indemnity, regardless of the cause of termination of his duties. Said indemnity will be equal to one year of his total compensation, i.e., 12 times his most recent monthly base salary plus the corresponding percentage of his bonus, paid in 24 equal and successive installments.

The total indemnities payable to Frédéric Vincent in the event of loss of office (i.e. his termination indemnity and non-compete indemnity) may not represent an amount exceeding two years worth of his fixed and variable compensation.

- **Welfare scheme and pension plan**

On April 3, 2009, the Board of Directors authorized Frédéric Vincent, as Chairman and Chief Executive Officer of Nexans, to register with Nexans' welfare scheme (death, disability, incapacity and medical expenses) and the defined pension benefit plan set up by the Group for certain employees and corporate officers.

2. Agreements executed in 2010

No related-party agreements were authorized by the Board of Directors in 2010.

Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Nexans, we hereby present our report on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-3 1 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is our responsibility to report to the shareholders the information pursuant to article R.225-31 of the French Commercial Code relating to agreements and commitments previously approved by the Shareholders' Meeting during the year.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

1. Agreements and commitments to be approved by the Shareholders' Meeting

Agreements and commitments authorized in 2010

We were not informed of any agreement or commitment authorized in 2010 to be submitted to the Shareholders' Meeting for approval in accordance with article L.225-38 of the French Commercial Code.

Agreements and commitments authorized since the end of 2010

We were informed of the following agreements and commitments, authorized since the end of 2010, which were previously authorized by the Board of Directors.

Agreement entered into with Madeco, Guillermo Luksic serving as a Nexans Board member and Chairman of the Board of Directors of Madeco

• Shareholders' agreement

Nature and purpose

On March 25, 2011, Nexans' Board of Directors authorized the Company to enter into a 10-year agreement with its main shareholder, the Chilean company Madeco. The agreement starts from the date on which Madeco reaches 15% ownership of Nexans's share capital. The purpose of this shareholders' agreement is to reflect Madeco's consolidation of its holding in the Company with the aim of holding 20% of Nexans' capital.

Terms and conditions

Under the shareholders' agreement, Madeco cannot sell all or a portion of its holding, for a period of three years, without the prior approval of the Company and undertakes to limit its holding to 22.5% of the Company's capital.

In the event that Madeco crosses the 15% share ownership threshold of the Company within 18 months, the agreement stipulates that a Shareholders' Meeting will be held to introduce major changes to the voting rules by making the following amendments to the Company's bylaws: the removal of double voting rights and the removal of provisions in the bylaws limiting a shareholder's total voting rights in a Shareholders' Meeting to 8%. Similarly, the Shareholders' Meeting will vote on an amendment to the bylaws to provide a 20% limit on the voting rights applicable to resolutions relating to strategic transactions. Given the quorum levels at past Shareholders' Meetings (57% at the 2010 Shareholders' Meeting), without such a limit Madeco would have a decisive voice and a right to veto restructuring transactions such as mergers or major acquisitions, which require a two-thirds majority.

In view of Madeco's commitments, at the next Shareholders' Meeting, Nexans' Board of Directors will request that shareholders approve the appointment of Francisco Pérez, a second Madeco representative to the Board of Directors. Furthermore, once Madeco crosses the 15% share ownership threshold, shareholders will be asked to approve the appointment of a third Board member at the Shareholders' Meeting called to approve the amendments to the Company's bylaws. The 15% share ownership threshold will also enable Madeco to have a representative on the Accounts and Audit Committee.

2. Agreements and commitments approved by the Shareholders' Meeting in previous years and remaining in force during the year

In accordance with article R.225-30 of the French Commercial Code, we were informed of the following agreements and commitments that were approved by the Shareholders' Meeting in previous years, and which remained in force during the year.

Agreements entered into with BNP Paribas, Georges Chodron de Courcel serving as a Nexans Board member and Chief Operating Officer of BNP Paribas

• Medium-term syndicated loan agreement of December 28, 2004

Nature and purpose

On November 16, 2004, Nexans' Board of Directors approved a medium-term syndicated loan agreement for 450 million euros. This "€450,000,000 Multi-currency revolving facility agreement" was signed on December 28, 2004.

Terms and conditions

The fee paid for 2004 and shared among the lenders in proportion to their contributions was 780,400 euros.

BNP also receives an annual agency fee of 12,500 euros before tax and an annual commitment fee shared among the lenders which amounted to 487,804 euros in 2009. In 2010, these fees amounted to 12,500 euros and 478,500 euros respectively, which were paid by Nexans Services – Nexans' financing company. Nexans Services rebilled the Company 245,500 euros relating to these fees.

• First amendment to the medium-term syndicated loan agreement of December 28, 2004

Nature and purpose

On September 26, 2005, Nexans' Board of Directors approved an amendment to the medium-term syndicated loan agreement for 450 million euros executed on December 28, 2004. This amendment extended the term of the loan to five years from the date it was signed, with the option of a further extension to seven years, and decreased the spreads and commitment fees payable under the agreement.

Terms and conditions

The amendment was executed on October 17, 2005. The amendment fee paid in respect of 2005 and shared among the lenders in proportion to their contributions was 215,000 euros.

• Second amendment to the medium-term syndicated loan agreement of December 28, 2004

Nature and purpose

On May 15, 2006, Nexans' Board of Directors approved an amendment to the medium-term syndicated loan agreement for 450 million euros signed on December 28, 2004. The amendment, required following the Group's transition to IFRS, changed the method and basis used to calculate the financial ratio covenants and commitment fees, and clarified Nexans' reporting obligations to the lenders. The amendment also modified the commission fee schedule.

Terms and conditions

The amendment was executed on June 30, 2006.

• Third amendment to the medium-term syndicated loan agreement of December 28, 2004

Nature and purpose

On September 27, 2006, Nexans' Board of Directors approved an amendment to the medium-term syndicated loan agreement for 450 million euros signed on December 28, 2004. The amendment increased the amount available under the credit facility by 130 million euros to a total of 580 million euros.

Terms and conditions

The amendment was executed on October 30, 2006. The amendment fee paid in respect of 2006 and shared among the lenders in proportion to their contributions was 405,000 euros.

• Fourth amendment to the medium-term syndicated loan agreement of December 28, 2004

Nature and purpose

On July 23, 2008, Nexans' Board of Directors approved a fourth amendment to the medium-term syndicated loan agreement executed on December 28, 2004. Its purpose is to include Nexans Services – Nexans' financing company – as a joint borrower for the purposes of the syndicated loan agreement.

Terms and conditions

The amendment was executed on August 20, 2008. The amendment fee paid in respect of 2008 and shared among the lenders in proportion to their contributions was 332,000 euros.

- **Global underwriting agreement for OCEANE bonds issued in 2006**

Nature and purpose

On June 26, 2006, Nexans' Board of Directors approved a global underwriting agreement with two financial institutions, including BNP Paribas, for the issuance of bonds convertible into new shares and/or exchangeable for existing shares (OCEANE bonds) in 2006.

Terms and conditions

Pursuant to the agreement executed on June 29, 2006, Nexans undertook to issue OCEANE bonds representing a maximum nominal value of 280 million euros, and the bank syndicate undertook to place the bonds or subscribe the bonds itself on the basis of certain representations and warranties given by Nexans and in return for payment by Nexans. The guarantors are BNP Paribas and Société Générale Corporate & Investment Banking. The fee paid for 2006 and shared among the guarantors was 4,200,000 euros. No fee was paid in respect of 2010.

- **Global underwriting agreement for ordinary bonds maturing in 2017**

Nature and purpose

On March 27, 2007, as part of the issuance of Nexans 5.75% bonds maturing in 2017, Nexans' Board of Directors approved a global underwriting agreement with a bank syndicate (comprising BNP Paribas as lead manager, participating jointly and for equal amounts with Société Générale and UBS Limited).

Terms and conditions

Pursuant to the agreement executed on April 25, 2007, Nexans undertook to issue bonds representing a maximum nominal value of 350 million euros, and the bank syndicate undertook to place the bonds or subscribe the bonds itself on the basis of certain representations and warranties given by Nexans and in return for payment by Nexans. The guarantors are BNP Paribas, Société Générale and UBS. The fee paid for 2007 was 2,450,000 euros. No fee was paid in respect of 2010.

Agreements entered into with Frédéric Vincent as Chairman and Chief Executive Officer of Nexans

- **The Group's welfare scheme and defined benefit pension plan**

Nature and purpose

On April 3, 2009, the Board of Directors authorized Frédéric Vincent to register with Nexans' welfare scheme (death, disability, incapacity and medical expenses) open to Nexans' employees and the defined benefit pension plan set up by the Group for certain employees and corporate officers.

- **Termination indemnity payable to Frédéric Vincent – Performance conditions**

Nature and purpose

On April 3, 2009, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event that he is removed from his position as Chairman and Chief Executive Officer, subject to the performance conditions, set out below.

Terms and conditions

- The termination indemnity payable to the Chairman and Chief Executive Officer will be equal to one year of his total compensation, i.e., 12 times the amount of his monthly base salary plus the corresponding percentage of his bonus. The payment of this indemnity will be subject to two performance conditions, as follows:

- 1) An average achievement rate for quantitative objectives relating to the Group's financial performance set by the Board of Directors at the beginning of each year as part of the performance criteria on which the variable portion of Frédéric Vincent's compensation is based, as recorded for a given year by the Board of Directors at the beginning of the following year and published by the Company; the average rate corresponds to the arithmetic mean of the performance rates recorded over the last three years preceding the year of departure.
 - 2) The average rate of comparative stock market performance. Nexans stock market performances will be compared to those of the SBF 120 index (index composed of all component stocks of the CAC 40 index plus the 80 most highly-traded stocks of the premier marché and second marché quoted on Euronext Paris among the 200 largest French companies in terms of market capitalization) or any equivalent index substituted therefore. The average rate corresponds to the arithmetic mean of the stock market performance rates over three periods, i.e., each of the two calendar years preceding the year of departure and the current year between January 1 and the date of the removal decision. The comparative stock market performance rate for a given period will be equal to the ratio between (a) in the numerator, the average price of the Nexans share over the period divided by the average price of the Nexans share over the previous period and (b) in the denominator, the average value of the SBF 120 index over the period divided by the average price of the same index over the previous period.
For example, a 15% average increase of Nexans share price and a 15% average increase of the SBF 120 index would result in a share price performance of 100% for the period. If for a given period, the rate thus calculated is lower than 70%, the stock market performance will be considered equal to zero for the period.
- To determine the performance index, the rates as calculated in points (1) and (2) will be weighted at 65% and 35%, respectively.

- The total amount of termination indemnity paid shall be based on the level of performance achieved:
 - If the performance index is higher than or equal to 100%, the termination indemnity is paid in full.
 - If the performance index ranges between 30% and 100%, the termination indemnity is paid in the same percentage (for example, if the performance index is equal to 70%, the termination indemnity paid is equal to 70% of its maximum amount).
 - No termination indemnity is payable if the performance index is below 30%.

The rates for calendar years 2008, 2009 and 2010 were as follows:

Year	Rate of achievement of quantitative Group objectives used to calculate Frédéric Vincent's variable compensation
2008	118.21
2009	53.36
2010	89.20

The termination indemnity will be payable only (i) in the event of a forced departure resulting from a change of strategy or control which is assumed in accordance with paragraph 3 of the Annex to the Board of Directors' Internal Regulations and (ii) after the Board of Directors' official recording of the achievement of the above-mentioned performance conditions at the time of or subsequent to the termination of the term of office of Chairman and Chief Executive Officer or change in function, in accordance with article L.225-42-1 of the French Commercial Code. In accordance with the Internal Regulations of the Board of Directors, termination payments – which may include termination indemnities and non-compete indemnities – may not exceed two years of compensation (fixed plus variable).

- **Compensation for a non-compete undertaking payable to Frédéric Vincent**

Nature and purpose

On April 3, 2009, the Board of Directors authorized the payment of compensation for a non-compete undertaking to Frédéric Vincent.

Terms and conditions

Frédéric Vincent undertakes not to engage in an activity competing with that of the Company for a period of two years following the

expiration of his term of office as Chairman and Chief Executive Officer. As compensation for this undertaking, Frédéric Vincent will be paid an amount equal to one year of his fixed and variable compensation, i.e., 12 times his most recent monthly base salary plus the corresponding percentage of his bonus, paid in 24 equal and successive installments. In accordance with the Internal Regulations of the Board of Directors, termination payments – which may include termination indemnities and non-compete indemnities – may not exceed two years of compensation (fixed plus variable).

3. Agreements and commitments approved by the Shareholders' Meeting during the year

We were also informed of the implementation during the year of the following agreements and commitments that were already approved by the Shareholders' Meeting of May 25, 2010, which were in the Statutory Auditors' special report of April 2, 2010.

Agreement entered into with BNP Paribas, Georges Chodron de Courcel serving as a Nexans Board member and Chief Operating Officer of BNP Paribas

- **Global underwriting agreement for OCEANE bonds issued in 2009**

Nature and purpose

On June 12, 2009, Nexans' Board of Directors approved a global underwriting agreement with a bank syndicate (of which BNP Paribas is a member) in connection with the issuance of bonds convertible into new shares and/or exchangeable for existing shares (OCEANE bonds).

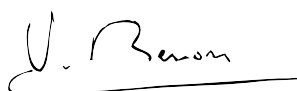
Terms and conditions

Pursuant to the agreement executed on June 15, 2009, Nexans undertook to issue OCEANE bonds, and the bank syndicate undertook to place the bonds or subscribe the bonds itself on the basis of certain representations and warranties given by Nexans and in return for payment by Nexans. The guarantors are BNP Paribas, ABN AMRO Bank N.V., Calyon, UBS Limited and Société Générale. The fee paid for 2009 and shared among the guarantors was 3,189,000 euros. No fee was paid in respect of 2010.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, April 1, 2011

KPMG Audit
Department of KPMG S.A.



Valérie Besson
Partner

PricewaterhouseCoopers Audit



Dominique Ménard
Partner

2011 Annual Shareholders' Meeting

The notice for Nexans' Annual Shareholders' Meeting to be held on May 31, 2011 – containing the agenda, information on how to participate in the meeting, the draft resolutions and the Board of Directors' report on the resolutions – is available on Nexans' website (www.nexans.com) under Finance and then Shareholders Corner – Annual Shareholders Meeting – 2011 Shareholders' Meeting.

Agreement with Madeco (Nexans' principal shareholder)

On March 27, 2011 Nexans entered into an agreement with Madeco, its main shareholder, aimed at giving Madeco a leading position in the Company's share capital by raising its ownership interest from 9% to 20%.

As the agreement corresponds to a related-party agreement, it was authorized in advance by Nexans' Board of Directors on March 25, 2010 and will be submitted for approval at the 2011 Annual Shareholders' Meeting (Resolution 4). The full text of the agreement is available on Nexans' website at www.nexans.com, under Finance and then Regulatory required information – Press releases. A description of its main provisions is provided in the press release issued by the Company on March 28, 2011 as well as in the Board of Directors' report on the resolutions to be submitted for approval at the May 31, 2011 Annual Shareholders' Meeting as set out in the notice of meeting.

The agreement has a ten-year term, effective from the date on which Madeco's interest in Nexans reaches 15%. The underlying aim is to give the Company a more stable ownership structure over the long term and have the support of a major partner for the Group's strategy approved by the Board of Directors, while at the same time retaining the Group's independence.

- Governance: The agreement also provides for stronger Madeco representation on Nexans' Board through (i) a second seat on the Board, subject to approval at the May 31, 2011 Annual Shareholders' Meeting, and (ii) a third seat when Madeco's ownership interest reaches 15%, subject to approval at a subsequently convened Shareholders' Meeting.

- Amendments to the bylaws – Respecting the rights of other shareholders: At the second Meeting referred to above, shareholders will also be invited to approve amendments to the Company's bylaws in order to remove the provision for double voting rights and the 8% ceiling on voting rights exercisable by the same shareholder, and (ii) introduce a new ceiling of 20% for the maximum voting rights exercisable by a single shareholder in General Shareholders' Meetings for any resolution concerning major structural transactions such as mergers and significant capital increases. The aim of introducing this new ceiling is to avoid any shareholder owning more than a 20% interest in the Company having a de facto right of veto for such transactions, and is therefore in the interests of all shareholders.

- Lock-up and standstill undertakings: Madeco has given lock-up and standstill undertakings in the agreement which will apply for a three-year period as from the date when Madeco's interest in the Company reaches 15%. Madeco may, however, terminate these undertakings in the event of a public tender offer for the Company. Following the expiration of this three-year period Nexans may terminate the agreement if Madeco's interest in the Company falls below 20% or exceeds 22.50%.

Governance - Amendments to the Statutes

At the 2011 Annual Shareholders' Meeting, shareholders will be asked to re-elect Gianpaolo Caccini, Georges Chodron de Courcel, Jérôme Gallot and Nicolas de Tavernost as directors, as their terms of office are due to expire at the close of said Meeting. Shareholders will also be invited to elect Robert Brunck, Cyrille Duval, Francisco Pérez (representing Madeco) and Mouna Sepehri as new directors (Resolutions 5 to 12). Detailed information on the proposed candidates is provided in the notice of meeting.

If the relevant resolutions are adopted, Nexans' Board will have a greater proportion of women directors (21% at the close of the 2011 Annual Shareholders' Meeting) as well as a higher number of independent directors (50%).

As part of the Group's overall aim of strengthening its corporate governance practices, a resolution will also be submitted at the 2011 Annual Shareholders' Meeting to introduce staggered election/re-election of directors by incorporating into the bylaws the possibility of electing or re-electing directors for terms of less than four years (Resolution 17).

Lastly, shareholders will be asked to vote on an amendment to simplify and clarify the wording of the bylaws relating to the age limit of directors, while maintaining the rule whereby the number of directors over the age of 70 cannot exceed two-thirds of the total number of directors in office. It will be specified that in compliance with this rule will be assessed at the time of each appointment (Resolution 18).

Summary of directorship candidates put forward for election/re-election at the May 31, 2011 Annual Shareholders' Meeting

	Two-year term	Four-year term
Election	Francisco Pérez	Robert Brunck Cyrille Duval Mouna Sepehri
Re-election	Gianpaolo Caccini Jérôme Gallot	Georges Chodron de Courcel Nicolas de Tavernost

If the relevant resolutions are adopted, the expiration of directors' terms of office would be staggered as follows:

2012 Annual Shareholders' Meeting	Frédéric Vincent, Colette Lewiner, Guillermo Luksic
2013 Annual Shareholders' Meeting	Gianpaolo Caccini, Jérôme Gallot, Francisco Pérez
2014 Annual Shareholders' Meeting	Véronique Guillot-Pelpel, Gérard Hauser, François Polge de Combret
2015 Annual Shareholders' Meeting	Robert Brunck, Georges Chodron de Courcel, Nicolas de Tavernost, Cyrille Duval, Mouna Sepehri

Financial authorizations – Performance share plan

For the purpose of implementing the new long-term remuneration policy for Group managers, the Board of Directors will invite shareholders to approve two resolutions authorizing it to grant **free shares** and **performance shares to Group managers**.

Performance shares granted to the Chairman and CEO, members of the Executive Committee and certain managers will only vest if the beneficiary still forms part of the Group on the vesting date and will be subject to demanding performance conditions assessed over a period of at least three years. The proposed performance conditions have been split into two categories – stock market performance and financial performance – with each category applicable to 50% of the shares granted. For both categories, the assessment of whether the conditions have been achieved will be based on a comparison with the performance of a panel of benchmark companies. The plan is described in detail in the Board of Directors' report on the resolutions which is available on Nexans' website (www.nexans.com) under Finance and then Shareholders' Corner – Annual Shareholders' Meeting – 2011 Shareholders' Meeting.

Shareholders will also be asked to approve a resolution authorizing the Board to grant up to 14,000 free shares on one or more occasions, without any performance conditions. Executive Committee Members (including the Chairman and CEO) will not be eligible for these grants. The purpose of the grants is to motivate and retain the loyalty of certain high-potential managers and/or other employees who have significantly contributed to the Group's performance (excluding Executive Committee members).

The proposed authorizations would only be used for the purpose of this plan and would be granted for a period of 18 months expiring on November 30, 2012.

Summary of the financial authorizations adopted by the 2010 Annual Shareholders' Meeting and the proposals submitted to this Shareholders' Meeting

The following table summarizes the capital increase authorizations adopted by the Shareholders' Meeting of 25 May 2010, remaining in force until 25 July 2012, and the authorization proposals submitted to the 2011 Meeting:

	Limits per resolution ⁽¹⁾	Sub-limits applicable to several resolutions	Limits applicable to several Resolutions
Issue of common shares with preferential subscription rights (R10 – 2010 Annual Shareholders' Meeting) with possible option of an additional allocation if successful (R14 – 2010 Annual Shareholders' Meeting)	€14,000,000	-	-
Issue of debt securities with rights to acquire shares (OC, ORA, OBSA, OCEANE...) without preferential subscription rights and through a public offering (R11 – 2010 Annual Shareholders' Meeting) or by private placement (R12 – 2010 Annual Shareholders' Meeting) with possible option of an additional allocation if successful (R14 – 2010 Annual Shareholders' Meeting)	Shares = €4,000,000 (< 15% of the share capital) Debt securities = €300,000,000	€4,000,000 (< 15% of the share capital)	€14,000,000
Issue of shares or securities with rights to acquire shares in case of public exchange offer initiated by the Company for its own securities or for another company's securities, without preferential subscription rights (R13 – 2010 Annual Shareholders' Meeting) with possible option of an additional allocation if successful (R14 – 2010 Annual Shareholders' Meeting)	€4,000,000 (< 15% of the share capital)	-	-
Issue of shares as consideration for contributions of securities (R15 – 2010 Annual Shareholders' Meeting)	5% of the share capital	-	-
Issue of shares through incorporation of premiums, reserves or profits (R16 – 2010 Annual Shareholders' Meeting)	€10,000,000	-	-
Allocation of performance shares (R14 – 2011 Annual Shareholders' Meeting)	€156,000	-	-
Allocation of [restricted (free)] shares (R15 – 2011 Annual Shareholders' Meeting)	€14,000	-	-
Issue of shares or securities with rights to acquire shares, reserved for participants in employee savings plans (R16 – 2011 Annual Shareholders' Meeting)	€400,000	-	-
			Total limit €24,800,000

(1) The maximum nominal amount of the capital increases that might be carried out corresponds to the maximum number of shares that might be issued to the extent that the nominal value of a Company share is equal to one euro.

Statutory Auditors

Statutory Auditors // p.257

Statutory Auditors

KPMG

(member of the **Compagnie Régionale des Commissaires aux Comptes de Paris**).

3, Cours du Triangle, 92939 Paris-La Défense Cedex, France,
represented by Valérie Besson

Appointed on May 26, 2009*

Term expires at the 2015 Annual Shareholders' Meeting

PricewaterhouseCoopers Audit

(member of the **Compagnie Régionale des Commissaires aux Comptes de Versailles**).

63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France,
represented by Dominique Ménard

Appointed on May 15, 2006

Term expires at the 2012 Annual Shareholders' Meeting

*Until May 26, 2009, the Statutory Auditor was Salustro Reydel
(appointed on June 5, 2003).

Substitute Auditors

Denis Marangé

1, Cours Valmy, 92923 Paris-La Défense Cedex

Appointed on May 26, 2009**

Term expires at the 2015 Annual Shareholders' Meeting

Étienne Boris

63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex

Appointed on May 15, 2006

Term expires at the 2012 Annual Shareholders' Meeting

**Until May 26, 2009, the Substitute Auditor was François Chevreux
(appointed on June 5, 2003).

Honoraires versés par Nexans aux responsables du contrôle des comptes

	KPMG International				PricewaterhouseCoopers Audit			
	Amount (excl. Taxes)		%		Amount (excl. Taxes)		%	
in thousands of euros	2010	2009	2010	2009	2010	2009	2010	2009
Audit services								
* Statutory and contractual audits								
Parent company	199	197	12%	13%	286	281	10%	13%
Fully consolidated companies	1,274	1,148	76%	75%	1,880	1,697	65%	77%
*Other audit-related services								
Parent company	120	40	7%	3%	173	80	6%	4%
Fully consolidated companies	49	102	3%	7%	314	71	11%	3%
Sub-total	1,641	1,487	98%	97%	2,653	2,129	91%	96%
Other services								
Tax, legal and labor-related services	27	27	0%	2%	229	38	7%	2%
Other	5	19	1%	1%	19	48	2%	2%
Sub-total	32	46	2%	3%	248	86	9%	4%
Total	1,674	1,533	100%	100%	2,901	2,215	100%	100%

Statement by the person responsible

Statement by the person responsible // p.259

Statement by the person responsible for the Registration document containing an annual financial report

Paris, April 18, 2011

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, (i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and (ii) the Management Report on pages 22 to 81 provides a fair review of the business, results of operations and financial position of the Company and its subsidiaries, as well as a description of the principal risks and uncertainties to which they are exposed.

I obtained an end-of-audit letter from the Statutory Auditors confirming that they have read the Registration document in its entirety and verified the information contained therein relating to the Group's financial position and accounts.

The Statutory Auditors' report presented on pages 298 and 299 of the Registration document filed with the AMF on April 16, 2009 under number D.09-0255 relating to the parent company financial statements for 2008 contains the following observation: "Without qualifying our opinion, we draw your attention to Note 30 "Events after the balance sheet date" to the consolidated financial statements, which reports that investigations were launched against Nexans in late January 2009 in relation to alleged cartel behavior."

The Statutory Auditors' report presented on pages 271 and 272 of the Registration document filed with the AMF on April 16, 2009 under number D.09-0255 relating to the consolidated financial statements for 2008 contains an observation.

The Statutory Auditors' report presented on pages 227 and 228 of the Registration document filed with the AMF on April 8, 2010 under number D.10-0232 relating to the parent company financial statements for 2009 contains the following observation: "Without qualifying our opinion, we draw your attention to the matter set out in Note 30 "Other information" to the financial statements, which reports that investigations were launched against Nexans in late January 2009 in relation to alleged cartel behavior."

The Statutory Auditors' report presented on pages 202 and 203 of the Registration document filed with the AMF on April 8, 2010 under number D.10-0232 relating to the consolidated financial statements for 2009 contains an observation.

The Statutory Auditors' report on pages 234 and 235 of this Registration document relating to the parent company financial statements for 2010 contains the following observation: "Without qualifying our opinion, we draw your attention to the matter set out in Note 31 "Other information" to the financial statements, which reports that investigations were launched against the Company in late January 2009 in relation to alleged cartel behavior."

The Statutory Auditors' report on pages 207 and 208 of this Registration document relating to the consolidated financial statements for 2010 contains the following observation: "Without qualifying our opinion, we draw your attention to the section "Contingent liabilities relating to disputes and proceedings" of Note 31 "Disputes and contingent liabilities" to the consolidated financial statements, which reports that investigations were launched against Nexans in late January 2009 in relation to alleged cartel behavior."



Frédéric Vincent
Chairman and CEO

Concordance table

Concordance table for the Registration document // p.261
Concordance table for the annual financial report // p.263

Concordance table for the Registration document

Pursuant to Article 28 of European regulation no. 809/2004 of April 29, 2004, the following are incorporated by reference in this Registration document:

- The Group's consolidated financial statements, the Statutory Auditors' reports for the year ended December 31, 2009 and the information contained in the Management Report, presented on pages 104 et seq. and 18 et seq., respectively, of the 2009 Registration document filed with the AMF (the French financial markets authority) on April 8, 2010 under no. D.10-0232.
- The Group's consolidated financial statements, the Statutory Auditors' reports for the year ended December 31, 2008 and the information contained in the Management Report, presented on pages 163 et seq. and 89 et seq., respectively,

of the 2008 Registration document filed with the AMF on April 16, 2009 under no. D.09-0255.

The sections of the 2009 and 2008 Registration documents not included are either not applicable for investors or are covered by another section in this Registration document.

The pages in the table below refer to this Registration document filed with the AMF, unless stated otherwise

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SHAREHOLDERS' AGENDA

- **April 27, 2011:** First-quarter 2011 financial information
- **May 31, 2011:** Annual Shareholders' Meeting
- **June 8, 2011:** Payment of dividend
- **July 27, 2011:** 2011 half-year results

Individual shareholders' information meetings⁽¹⁾

- **May 10, 2011:** Nancy
- **June 28, 2011:** Nice
- **November 23, 2011:** Toulouse

(1) These dates are subject to change.

FOR FURTHER INFORMATION

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Nexans is a top-ranking player in the cable industry, with 23,700 employees in 40 countries. The Group develops cabling solutions for the Infrastructure, Industry and Building and Local Area Network (LAN) markets. Energy and Transportation are at the core of Nexans' development. Customer orientation, commitment, operational excellence and work globally characterize the mindset that mobilizes Nexans' teams as they use their expertise to provide customers with solutions that are superior in terms of performance, safety, reliability, energy efficiency and environmental protection. Nexans' 2010 results exceeded expectations against a highly challenging backdrop and the Group continued to grow in stature and to invest for the future during the year. Nexans is targeting a further improvement in business growth and profitability in 2011.

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