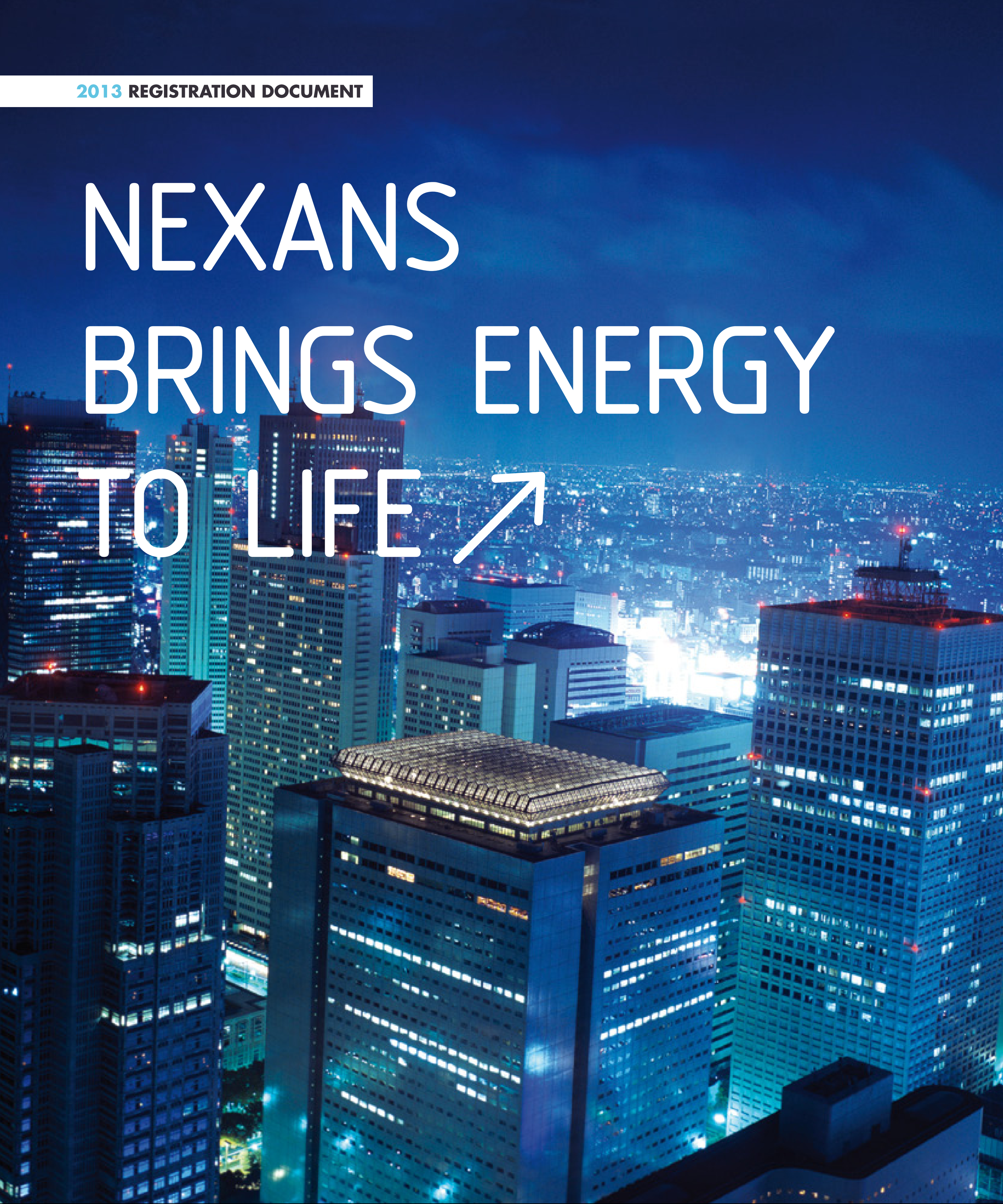
2013 REGISTRATION DOCUMENT

NEXANS BRINGS ENERGY TO LIFE ↗



Nexans

Global expert in cables and cabling systems

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This Registration document contains Nexans' annual financial report for fiscal year 2013.

This Registration document was filed with the Autorité des Marchés Financiers (French stock market authorities) on april 7, 2014 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.

NEXANS

Both economic development and improvements to people's quality of life are dependent on access to energy and information, the movement of goods and people, and the safety of infrastructure and buildings.

As a global player in the cable industry, Nexans helps meet these essential, growing needs with cables and cabling systems that transmit the electricity and information required for society to function.

Evolving with our needs and our lifestyles, today's cables have to integrate more and more technology to meet ever-increasing requirements.

On the cutting edge of its industry for over a century, the Group provides solutions for the most complex applications and the most demanding environments.

With its technological leadership, global expertise and local presence, Nexans satisfies essential needs while maintaining the highest levels of safety, performance, and respect for people and the environment.

Nexans S.A. is listed on NYSE Euronext Paris.

- **26,000 employees**
- **6.7 billion euros in sales(1)**
- **Plants located in 40 countries**
- **A sales presence around the world**

Nexans is included in the Ethibel Excellence Investment Register and in the ESI Excellence Europe and ESI Excellence Euro indexes for investors that take account of companies' financial, social and environmental performances.

As a member of the United Nations Global Compact, Nexans is committed to supporting and implementing ten universally-accepted principles in the areas of human rights, labor, the environment and anti-corruption.

(1) At current non-ferrous metal prices.

Interview with Frédéric Vincent, Chairman and CEO

Frédéric Vincent,
Chairman and CEO

How would you sum up 2013?

We were confronted with a difficult economic environment throughout the year, both on a European and global level, which worsened considerably in the second half. Market conditions were particularly tough in North America and Australia and we saw a fall in demand across Europe from distributors installers and major power utilities. Although business was buoyed by a sharp 13% upswing in sales of submarine high-voltage cables and by strong momentum in our operations for the transport industry (up 9%), this was not sufficient to offset the negative factors that marked the year.

Nevertheless, sales began to edge upwards in the fourth quarter, rising 1.1% compared with the third quarter and 0.5% on the fourth quarter of 2012.

Overall, our sales were down slightly year on year on a like-for-like basis. Operating margin came to 171 million euros – representing 3.6% of sales, versus 4.2% in 2012 – or 141 million euros after stripping out non-recurring items.

Restructuring costs (including provisions) amounted to 180 million euros and primarily concerned reorganization plans and projects in Europe and the Asia-Pacific Area. Asset impairment losses totaled 130 million euros, mainly corresponding to write-downs of assets held by our subsidiaries in Australia, Egypt, Argentina and Russia.

In view of all these factors we ended the year with an attributable net loss of 333 million euros.

Worldwide market growth for the cable industry in 2013 was half the figure that was initially forecast (around 2.6% compared with the expected 5.1%).

This operating context has led us to adjust our targets for 2015 and we now expect to see annual average sales growth[(1)] of between 4.5% and 5.5%, operating margin of 5.1% to 5.7% of sales in 2015, and a return on capital employed of over 9%.

We improved our financial structure during 2013 thanks to a successful rights issue carried out in November and a reduction in our working capital requirement. This enabled us to scale back our net debt to 337 million euros at end-2013 from 606 million euros a year earlier.

Lastly, the initial positive impacts of the measures undertaken in connection with the 2015 strategic plan are beginning to feed through.

How is the strategic plan progressing?

The initial benefits of the strategic measures we have put in place to turn around our submarine high-voltage business, reduce our fixed costs and improve our competitiveness are now beginning to be felt, particularly in our submarine transmission operations. These measures positively impacted our operating margin by some 19 million euros in 2013 and helped us to lower our working capital requirement.

We have now launched reorganization processes in Europe and Asia-Pacific to enhance our competitiveness and efficiency in those regions. An initial plan is underway in Australia and we will continue our efforts to create an "integrated" Asia-Pacific Area. Our restructured operations will be able to leverage the most competitive internal and external supply sources in the region – particularly our Chinese and Korean facilities – to serve the Area's market lines.

In Europe, we have started reorganization projects in five countries for the land high-voltage business and the Industry segment. At the same time we are taking measures to strengthen our research and development capabilities.

In 2013 we also strengthened our governance structure, notably by setting up a Strategy Committee, recruiting a Chief Operating Officer and enlarging our Management Board. In February 2014, the Board of Directors unanimously expressed its confidence in the ability of the management team that I head to lead the Group forward.

What are your main objectives for 2014?

We need to keep looking firmly ahead and to work with all of our stakeholders to take the steps required to grow the Group's business and carve out its future.

We have a solid strategic plan whose developments are monitored on a daily basis by a dedicated team. The measures deployed to get us back on the growth track and boost our margins will continue to demand considerable efforts from our employees, some of whom are directly affected by the reorganization projects, as well as from our shareholders, as we are proposing not to pay a dividend for 2013. I have endeavored to play my own personal part in these efforts, by waiving my variable compensation for 2013.

We are an entirely client-centric organization focused on always delivering the best-in-class service to which each and every customer is entitled, and which helps us to stand out from the competition. We began 2014 by signing key contracts with a number of major power utilities, such as ERDF and Thüga. We have also signed a five-year framework agreement with Airbus and have won new projects in the submarine high-voltage business in Canada and Norway, as well as in the Oil & Gas sector in Brazil and for submarine telecommunications cables in Northern Europe.

We are well known for our strong innovation capabilities, and in 2013 we filed 80 new patents. In addition, several recent innovations have kindled strong market interest. For example, our Ampacity superconductor system was awarded the 2013 Supplier Award for Innovation by RWE, and our Lo-Sag® composite core cable is now being field-trialed by RTE following its successful installation in Rio de Janeiro. At the same time, our offering of colored conductors for overhead power lines has been selected by Statnett – Norway's state-owned power system operator – in order to minimize the visual impact of its lines when they cross environmentally sensitive areas. Nexans is also extremely well positioned in smartgrids, which is a major market for the future.

All of these actions reflect our determination to turn our assets and potential into concrete results, which we fully expect will help to push up our operating margin as of 2014. Going forward, we are confident that we will be able to meet our objectives in the medium term.

(1) At constant non-ferrous metal prices.

Nexans' presentation

THE MANAGEMENT **BOARD**

The Management Board

The Management Board is led by the Group's Chairman and CEO, Frédéric Vincent. It is responsible for drawing up the Group's business strategy, allocating resources, and determining organizational structures. It is also tasked with ensuring that the Group is managed efficiently and effectively. The Management Board's members are:

Frédéric Vincent – Chairman and CEO

Arnaud Poupart-Lafarge – Chief Operating Officer. Responsible for all of the Group's operating activities in each of its geographic areas. The Industry, Supply Chain and Purchasing Departments also report to him.

Pascal Portevin – Senior Corporate Executive Vice President in charge of the Europe Area. Supervises the High-Voltage and Underwater Cables Business Group and the Middle East, Russia and Africa Area. The Automotive and Industry Wire Harnesses Business Group as well as the Information Systems Department also report to him.

Anne-Marie Cambourieu – Senior Corporate Vice President, Human Resources.

Benjamin Fitoussi – Senior Corporate Vice President, Strategy & Development. The Technical Department also reports to him.

Nicolas Badré – Chief Financial Officer.

Patrick Noonan – General Counsel, Senior Corporate Vice President, Secretary General.

The Management Council

The Management Council is chaired by Frédéric Vincent. Its role is to define the Group's overall strategic vision, drive breakthrough projects, and monitor and enhance the Group's operating procedures. It comprises:

The members of the Management Board, and:

Nicholas Ballas – Executive Vice President, Asia-Pacific Area

Norbert Bluthé – Executive Vice President, South America Area

Giuseppe Borrelli – Executive Vice President, Europe Utilities & Operators Market Line

Antoine Caillault – Senior Corporate Vice President, Industrial and Supply Chain. The Purchasing Department reports to him.

William English – Executive Vice President, Middle East, Russia and Africa Area (MERA)

Christopher Guérin – Executive Vice President Europe, Industry Market Line

Stephen Hall – Executive Vice President, North America Area

Jean-Philippe Machon – Executive Vice President Europe, Distributors & Installers Market Line

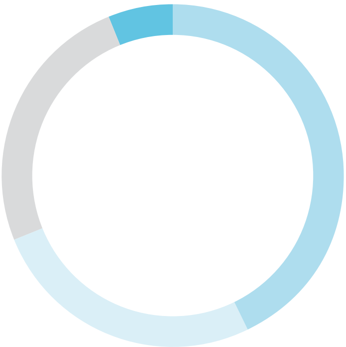
Jean-Claude Nicolas – Senior Corporate Vice President, Communications

Dirk Steinbrink – Executive Vice President, High Voltage & Underwater Cable

See detailed biographies on: www.nexans.com

2013 KEY FIGURES

Sales by business[1]

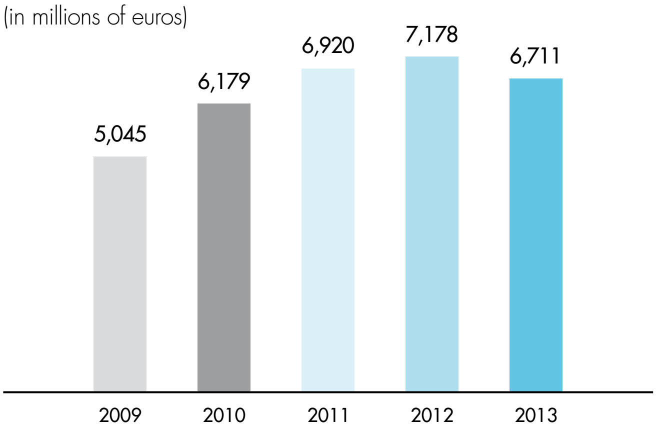


Transmission, Distribution & Operators: 43%
Industry: 26%
Distributors & Installers: 25%
Other: 6%

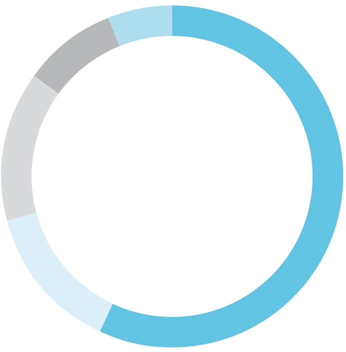
(1) At constant non-ferrous metal prices.

Sales at current non-ferrous metal prices

(in millions of euros)



Sales by geographic area[2]

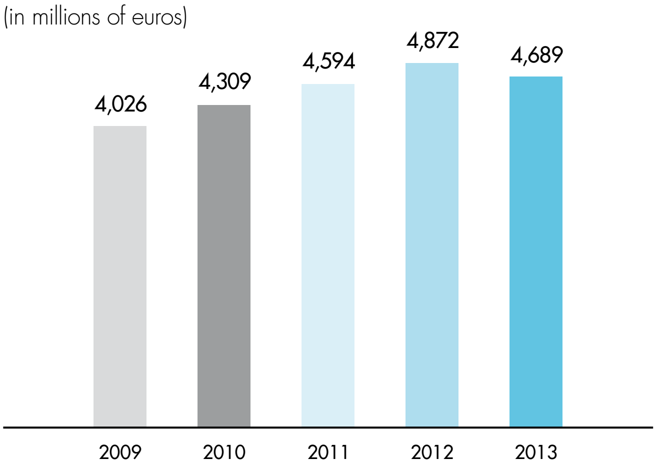


Europe: 57%
North America: 14%
Asia-Pacific: 14%
South America: 9%
Middle-East, Russia and Africa: 6%

(2) By origin, at constant non-ferrous metal prices.

Sales at constant non-ferrous metal prices

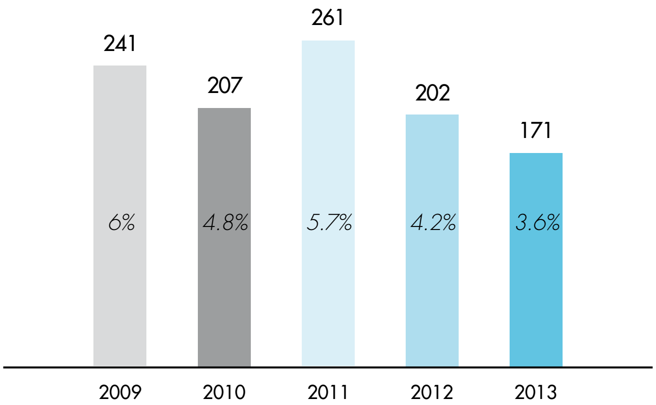
(in millions of euros)



At constant exchange rates and a comparable scope, sales were 2.1% lower in 2013 than in 2012.

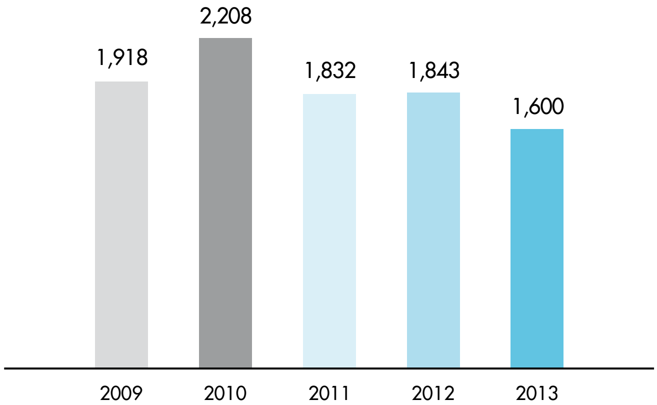
Operating margin

(in millions of euros and as a % of sales at constant non-ferrous metal prices)



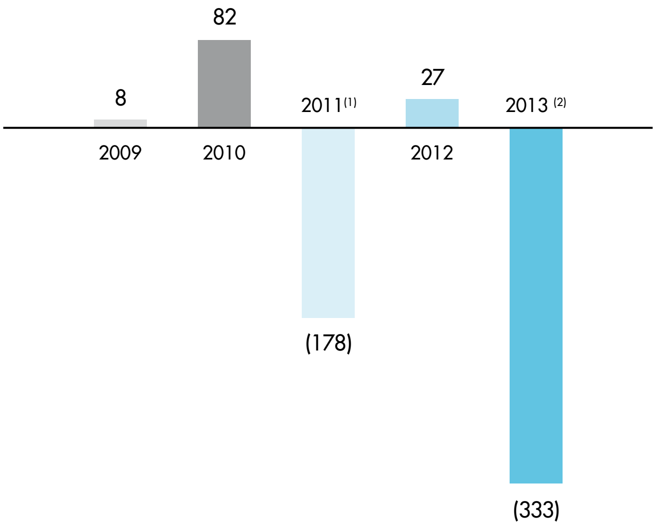
Equity

(in millions of euros)



Net income/(loss) attributable to owners of the parent

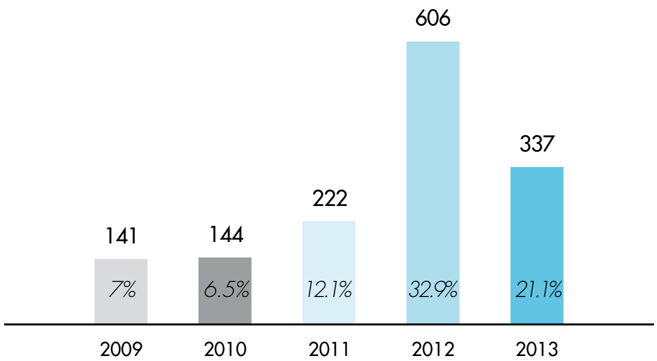
(in millions of euros)



(1) Including a 200 million euro provision to cover the potential fine that may be imposed on Nexans following the European Commission's antitrust investigations.
(2) Including 180 million euros of restructuring reserves and charges and 130 million euros of net impairement loss.

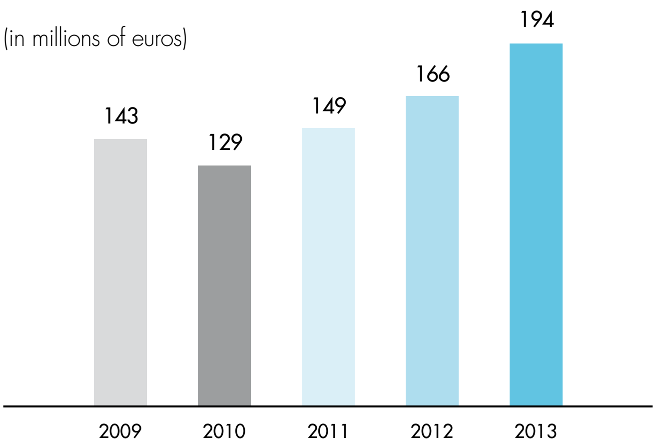
Net debt

(in millions of euros and as a % of equity)



Capital expenditure

(in millions of euros)



NEXANS **SHARE DATA**

Nexans is listed on NYSE Euronext Paris (Compartment A)

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

Market capitalization

1,548 million euros at December 31, 2013

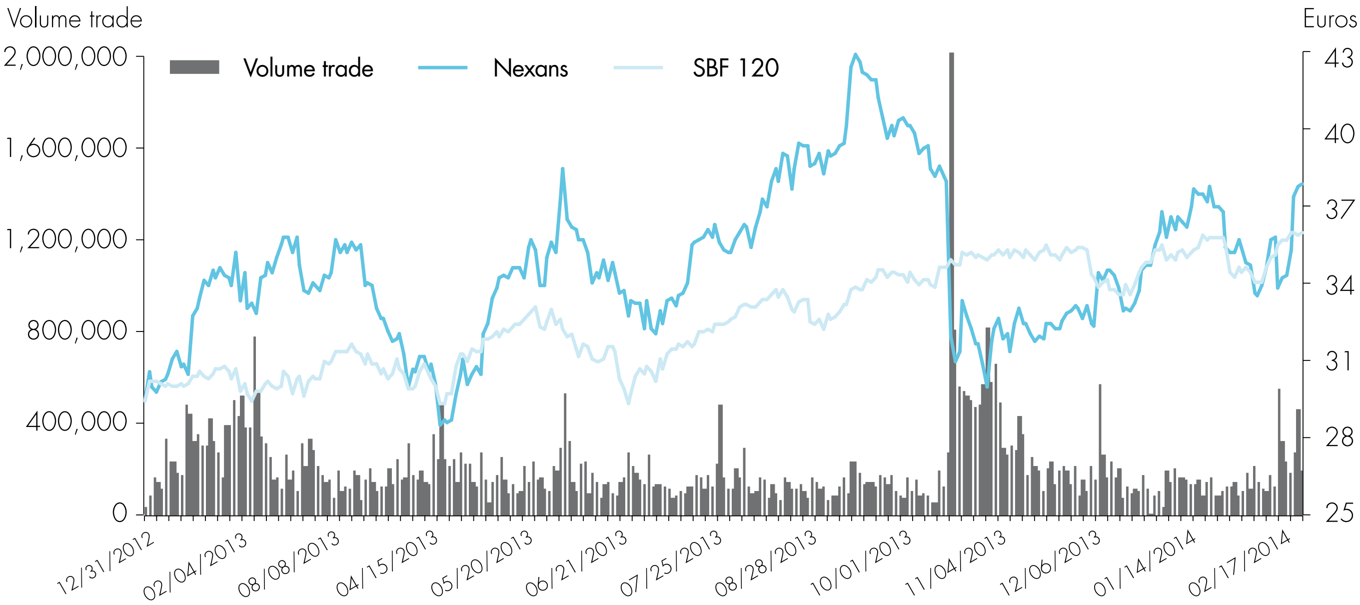
Average daily trading volume

205,492 shares in 2013

Indexes

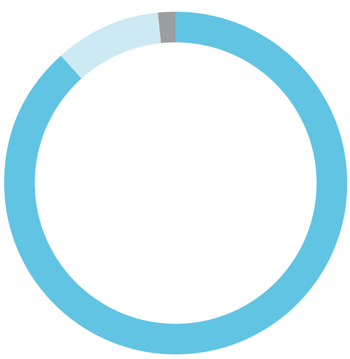
- SBF 120: 0.11% of the index at December 31, 2013
- ESI Excellence Europe
- ESI Excellence Euro

Share performance (in euros, from December 31, 2012 to February 17, 2014)



Estimated ownership structure

(at December 31, 2013)



Institutional investors: 88.4%
of which:
- Invexans (Quiñenco group, Chile)(1): 26.55%
- Manning & Napier (United States): 7.9%
- Bpifrance (France): 7.82%
- Amber Capital (United Kingdom): 5%

Individual and employee shareholders: 10%
of which:
- Individual shareholders: 7%
- Employee shareholders: 3%

Unidentified shareholders: 1.6%

(1) On the date of this Registration Document, the Quiñenco Group (through its subsidiary Invexans) holds 28% of the share capital and voting rights.

Per share data

In euros (except ratios)	2013	2012	2011
Net assets[1]	36.84	61.00	62.56
Basic EPS[2]	(10.66)	0.91	(6.21)
Diluted EPS[3]	(10.66)	0.90	(6.21)
PER[4]	-	36.82	-
Net dividend[5]	-	0.50	1.10
Dividend yield[4]	-	1.5%	2.7%

(1) Equity attributable to owners of the parent divided by the number of shares outstanding at December 31.
(2) Based on the weighted average number of shares outstanding.
(3) Earnings/(loss) per share if all securities carrying rights to the Company's ordinary shares are exercised, thereby increasing the total number of shares outstanding.
(4) Based on the December 31 share price.
(5) 2013 dividend to be proposed at the Annual Shareholders' Meeting on May 15, 2014.

Changes in capital in 2013

Number of shares at December 31, 2012	29,394,042
Canceled shares	-
New shares issued – Capital increase	12,612,942
Shares resulting from the exercise of stock options	36,161
Number of shares at December 31, 2013	42,043,145
Stock options	1,408,832
Free shares and performance shares	587,460
OCEANE 2016 and 2019	8,753,161.5
Number of fully diluted shares at December 31, 2013	52,792,598.5
Average number of shares in 2013 used to calculate:	
- Basic EPS	31,271,353
- Fully-diluted EPS	31,271,353

Stock market data

Share price in euros (except ratios)	2013	2012[4]	2011[4]
High	42.58	48.66	65.25
Low	28.92	24.81	33.40
End-of-year closing price	36.83	29.91	35.79
Change over the year	23.14%	-16.45%	-31.87%
Change in the SBF 120 over the year	19.49%	16.50%	-16.21%
Change in the CAC 40 over the year	17.99%	15.23%	-16.95%
Market capitalization at December 31[1]	1,548.24	984.85	1,151.79
Average daily trading volume[2]	205,492	226,915	192,747
Number of shares in issue at December 31	42,043,145	29,394,042	28,723,080
Share turnover[3]	0.49%	0.77%	0.67%

(1) In millions of euros.
(2) In number of shares.
(3) Daily average over the year.
(4) Share prices for 2012 and 2011 have been restated following the capital increase carried out in November 2013.

SERVING **ESSENTIAL NEEDS**

Turning on a lamp, taking an elevator, starting a production line, carrying wind and solar energy – all these activities require cables and cabling systems. To serve these needs, Nexans offers its customers support in three main markets: energy infrastructure (electricity transmission and distribution), industry and the building market.

Transmission, Distribution & Operators	Industry	Distributors & Installers
Energy Submarine, underground and overhead electricity transmission(1) and distribution(2) networks. Telecommunications Land-based and submarine copper and optical fiber networks. (1) High-Voltage. (2) Medium- and Low-Voltage.	Resources Oil and gas, nuclear power, renewable energies, mining infrastructure, umbilicals. Transport Aeronautics, defense, shipbuilding, rolling stock, railway networks. Harnesses Automotive and industrial harnesses. Other industrial equipment Machine tools, handling, robotics, medical.	Building Factories, logistics centers, shopping malls, hospitals, universities, museums, hotels, offices, residential commercial and industrial premises, airports, data centers. LANs (Local Area Networks) Data, supervision and security networks.

Energy and telecommunications infrastructure

The Group's energy infrastructure offerings help drive the creation of new submarine, underground and overhead power transmission lines while contributing to ensuring the availability and security of networks and enhancing their energy efficiency and transmission capacity, as well as controlling capital spending and maintenance costs.

Nexans is a world leader in high-voltage and submarine applications, which are in strong demand worldwide due to the need for network interconnections between countries and islands, as well as island-to-mainland links and links to and between offshore facilities, cables for wind farms, umbilicals for oil and gas rigs, and cables for communication networks. In order to meet this global demand, the Group has production capacity in both Norway and Japan as well as one of the world's most powerful cable-laying vessels. The Group offers turnkey solutions, covering the cables' design right through to services such as robotically burying them to protect them from damage.

Nexans stands out from its competitors thanks to its comprehensive offering of connection accessories, advanced solutions for composite core cables, superconducting cables, and superconducting fault current limiters. These technologies form the basis of the move towards smart grids, which integrate communication and control functions in order to draw on decentralized, renewable energy sources – which, by definition, are intermittent – and control peaks in energy consumption.

In the telecommunications infrastructure market the Group focuses on high-performance solutions such as ultra-fast broadband applications for copper-based networks and fiber-to-the-home (FTTH) systems. Thanks to its partnership in Europe with Sumitomo Electric Industries – one of the world's largest optical fiber manufacturers – Nexans can offer its customers easy-to-install solutions with cutting-edge technologies.

Industry

The Group's specialty cables for industry are primarily used for the resources and transport sectors, as well as for automotive and industrial harnesses.

In the resources sector – which encompasses mining and oil and gas operations as well as electricity generation – Nexans proposes safe, robust and high-availability cabling systems, combined with maintenance and repair services. We have also developed comprehensive cabling solutions for wind farms and turbines and solar power machinery and equipment.

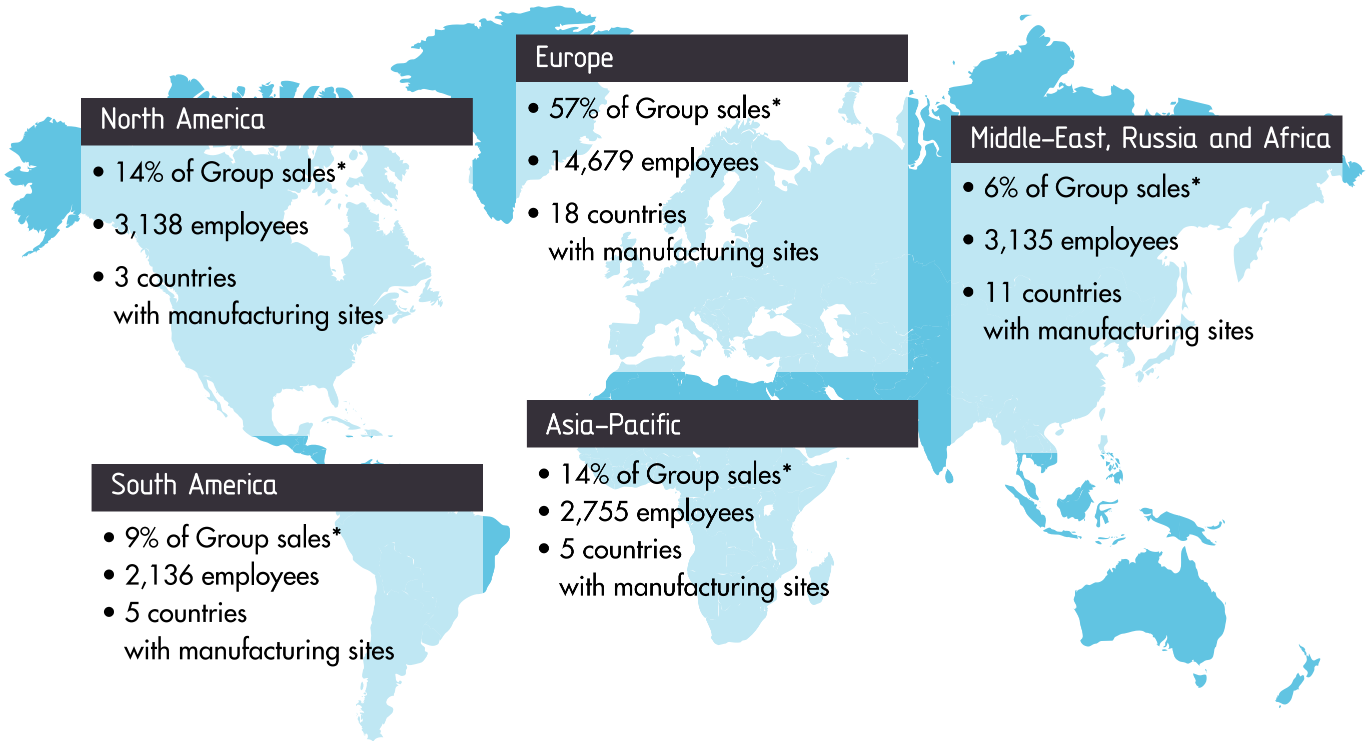
In the transport sector, we work in close cooperation with our manufacturing and OEM customers with a view to meeting their demand for safe, lightweight, compact, easy-to-install and recyclable products and in-vehicle equipment. The Group is a world leader in cables for the shipbuilding segment – with a subsidiary in South Korea – as well as for the aeronautics manufacturing industry, with specialized facilities in France, Morocco and the United States.

The building market and LANs

In the building market, Nexans pursues a strategy of differentiation based on technical performance, particularly in terms of fire-resistance, energy-efficiency and ease of installation. We also propose a wide range of services in this market, including professional training, paced deliveries for major projects, and shared inventory management at distributors' premises.

New standards have recently been introduced for the building industry in a number of different countries and regions – such as HQE in France, BREAAM in the United Kingdom, LEED in North America, Green Mark in Singapore and Green-star in Australia – aimed at encouraging sustainable construction and renovation methods, focused on energy efficiency, long-lasting, recyclable materials, interior air quality and environmental protection.

Nexans meets all of these standards and, in many cases, plays a pioneering role in their implementation. For example, it was the first cable manufacturer to be awarded certification by the Singapore Green Building Council (SGBC), which is South-East Asia's benchmark for sustainable construction. The Group's offerings also cover LANs used for communication, surveillance and security purposes. We propose high added-value systems for major tertiary, residential and commercial complexes, as well as for hospitals, research centers, universities, trading rooms, data centers, logistics platforms, ports and airports. Our LAN offerings encompass not only the cables and cable connections themselves but also solutions for the management, surveillance, control and security of the networks concerned.



* By origin, at constant non-ferrons metal price.

THE 2013-2015 STRATEGIC PLAN: **SIX PRIORITIES**

Nexans has set itself six priorities to drive its growth, improve earnings and pave the way for sustainable performance.

1. Strengthen our position in attractive markets

The Group targets markets with a strong growth outlook and in which it can leverage its technological know-how and service offerings, namely submarine applications, energy infrastructure (land medium- and high-voltage cables) in growth countries, energy resources, renewable energies, transportation networks, defense and medical applications.

It was as a result of this strategy that we acquired a majority stake in the energy infrastructure cable operations of Shangong Yanggu, which has enabled us to establish a competitive base for serving customers in China – the world's largest market – and more widely, the whole of the Asia-Pacific region. Our priority of strengthening our position in attractive markets also guided our decisions to develop cables for industrial applications in China (with production grouped at a new site in Shanghai), broaden our offering for the shipbuilding segment in Korea to cover applications for the offshore oil and gas sector, acquire AmerCable (the global leader in cable solutions for mining, and oil and gas drilling and production), and build a plant in the United States dedicated to extra high-voltage cables.

2. Consolidate our positions in mature markets and maximize the value of our assets

Nexans is committed to extracting maximum value from its existing manufacturing base – notably in Europe, the Asia-Pacific region and North America – with a view to enhancing its profitability and capacity to finance growth investments.

Our market line-based organization in Europe, as well as our strategy of separating sales and production and the steps we have taken to strengthen our supply chains and develop new products and services all help towards meeting our priority of consolidating our positions and maximizing value. Through these measures we have been able to improve our industrial performance, customer relations and profit margins.

In October 2013, Nexans announced a cost-savings plan for its operations in Europe aimed at maintaining the competitiveness of its manufacturing base for industrial cables and land high-voltage cables, enhancing the efficiency of its support functions and strengthening its research and development capabilities.

We have also reinforced our supply chain in Australia in order to leverage the synergies and competitive advantages resulting from our more integrated operating base in the Asia-Pacific region.

3. Become even more customer-oriented

Nexans serves very different customers – network operators, energy producers, mining companies, equipment and infrastructure manufacturers, construction companies, installers, distributors and engineering firms – with regional- or even global-scale needs. We constantly aim to meet all of our customers' needs, at all levels and in all areas, drawing on our worldwide Customer Orientation program and embedding customer satisfaction into our underlying corporate culture.

The Customer Orientation program is based on a Group-wide customer relationship management tool, as well as shared standards and performance indicators. Standardized satisfaction surveys are used as the basis for improvement plans and we continually adapt our resources and organizational structure to strengthen our customer relationships and enhance our responsiveness, flexibility and competitiveness. Two other customer-centric measures we have taken are stepping up our marketing actions and aligning our supply chains with customer requirements.

Working closely with major customers, Nexans' managers who handle international and regional key accounts seek to understand the challenges our customers face to meet their needs today and anticipate the needs they will have tomorrow. All of our functions play a role in the overall customer-oriented approach which is aimed at working better together to serve our end customers and build up long-lasting and mutually beneficial relations. For example, handling tenders and managing major projects for customers in the energy, mining, railway, port and airport sectors requires coordinated multi-product, multi-site offerings. They are overseen by specialized teams that can mobilize all the Group's resources to provide the most suitable industrial and logistics solutions.

4. Drive differentiation combining technology leadership & services and leverage our widely valued brand

At Nexans we pursue a pro-active innovation policy aimed at creating more value for customers, anticipating changes in industry standards, and proposing long-lasting solutions to safety, energy efficiency and environmental imperatives.

We propose comprehensive offerings for each market segment as well as a range of services aimed at facilitating the daily lives of our customers and fostering partnerships with them. These services – which we constantly enrich – include grouped and paced deliveries, inventory management, custom cable lengths, ready-to-install cable and harness sets, advanced specification models, turnkey power lines for network operators, training, and management of end-of-life cables.

At the same time, we continually work to strengthen our leadership in the technologies of the future such as superconducting cables, composite core cables, power line carrier (PLC) technology, smart grids and solutions for ultra-fast data transmission.

The Group's research and development expenditure and resources are among the highest in its industry and the number of patents we file each year and the world records we hold demonstrate the success of our pro-active innovation policy.

Interoperable solutions for each application

◗ Industrial automation MOTIONLINE®	◗ Solar installations KEYLIOS®
◗ Building ALSECURE®	◗ Medical equipment NEWSENSE®
◗ Shipbuilding SHIPLINK®	◗ Rolling stock FLAMEX®
◗ Wind turbines WINDLINK®	◗ Optical fiber networks KINOPTIC®
◗ Mining POWERMINE®	

Exclusive technologies

◗ Lo-Sag™ : these composite core conductor cables for overhead lines increase transmission capacity using existing infrastructure.	◗ ICEFLEX® for resistance to extremely cold temperatures. ◗ INFIT®, fire protection for cable conductors and electricity distribution.

5. Gain competitiveness through excellence in execution and lowering costs

Nexans is pushing ahead with the worldwide deployment of the **Nexans Excellence Way** lean manufacturing program, which aims for operating excellence through the continuous, long-term improvement of all the Group's production, purchasing and supply chain processes in terms of safety, quality, delivery lead times, costs and environmental impact.

The program draws on strong support from the Group's teams, the sharing of best practices, standardization, and the use of tried and tested lean management tools. These include visual management techniques for rapidly identifying and resolving problems as well as value chain analysis and value stream mapping to optimize the use of resources and reduce production times, inventories, work in progress and working capital.

Seventy-five plants have committed to the program and a structure of consistent technical networks has been set up in order to share innovation and best practices.

In the space of three years, the Nexans Excellence Way program has helped us to halve the workplace accident frequency rate thanks to a very structured approach. This rate was 4.12 in 2013, and the Group aims to improve it by a further 30% in both 2014 and 2015.

In parallel, we have put in place a global competitiveness plan as part of the transformation program launched in 2013.
This plan focuses on eight areas that cover the entire value chain: redesign to cost, streamlined references, make-or-buy decisions, optimized purchasing, improved payment terms, lower working capital requirement, improved supply chain flows and reduced investment costs. The aim is to set up several projects for each of the eight focal points.

In addition, 12 plants are taking measures to streamline their product portfolios. By halving the number of their product references and concentrating on products with higher margins and a better turnover, several plants have increased sales and removed bottlenecks, improved their delivery lead times and results, and reduced their inventories and working capital requirement.

An effective purchasing policy is key to the Group's technical and financial performance. Purchasers identify the most competitive countries by product family in order to approve new suppliers in these countries. At the same time, further to production cost analyses that have been carried out, the manufacturing of certain insulating compounds has been brought back into plants that have the facilities required to make them.

Another project has been launched to review the supply chain, and particularly supply flows of copper and aluminum which have a significant impact on working capital requirement. The aim is to more effectively calibrate and pace deliveries from suppliers, and to optimize physical flows between plants in order to reduce transport time and therefore the corresponding working capital requirement.

6. Engage our talents to drive mutual success

We are highly aware that it is our people and their talent and commitment that give us our competitive edge. The Human Resources Department has put in place a program called "Let's build the new Nexans together" to enable our employees to develop their potential while contributing to achieving the Group's objectives. This program encourages entrepreneurism and empowerment and recognizes and rewards both individual and collective performance.

Competency models for managers and for each business are used to enhance employees' leadership skills and professional qualifications. These models have been rolled out worldwide and are used as the basis for the hiring, training and career development of employees.

Our current HR focuses include harmonizing our evaluation and human resources management processes, strengthening our planning management, promoting mobility, investing in training, and stepping up our measures to attract and retain talent. Our goal is to fill 80% of positions through internal promotions, by identifying talent and drawing up succession plans in each country.

Our ability to translate our values into action in order to serve our strategic objectives is at the heart of our performance management system. Annual performance reviews allow employees to talk with their managers in detail about achieving the objectives they have been set, as well as their skills areas, career development, training needs and the objectives for the coming year.

Nexans University also plays a vital role for the Group by enhancing employees' leadership and business skills, facilitating the sharing of knowledge and best practices in all spheres that are critical to the Group's success and developing team work.

At the same time we use all means available to us – including profit sharing, share ownership and incentive plans – to encourage employees to perform well and give them a direct interest in achieving the objectives that have been set for them.

Management Report

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, 2013 (also referred to herein as the Group and the Company respectively). It is based on the parent company's financial statements and consolidated financial statements at December 31, 2013.

In an attached document prepared in compliance with Article L.225-37, paragraph 6, 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.

The Company's 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 – broken down by shareholder category and based on disclosure statements received by the Company – was as follows at December 31, 2013: Institutional investors: 88.4%, of which 26.55% held by the Quiñenco group (Chile) through its subsidiary Invexans, 7.82% by Bpifrance Participations (France), around 8% by Manning & Napier Advisors (USA), and 5% by Amber Capital (United Kingdom); private investors and employees: 10%; unidentified shareholders: 1.6%.

01. OPERATIONS DURING 2013

1.1 Consolidated results of the Nexans Group

1.1.1 Overview

2013 was a difficult year, marked by an economic environment that did not see any major improvements in Europe compared with 2012 and which deteriorated significantly in certain market segments.

Sales at current metal prices came to 6,711 million euros in 2013 against 7,178 million euros in 2012. At constant non-ferrous metal prices they totaled 4,689 million euros against 4,872 million euros in 2012, representing an organic decrease of 2.1%[1] versus 2012. This reflects a steep falloff in business in North America, as well as a lack of an overall recovery in Europe (where performance was extremely mixed across the various markets), and worsening business conditions in Australia. The decline was, however, tempered by the continued recovery experienced by the Group's submarine transmission operations. Emerging markets saw a year-on-year sales rise of 2% .

At Group level, in the fourth quarter of the year sales were however up slightly on both the third quarter of 2013 (1.1% higher) and the fourth quarter of 2012 (0.5% higher).

Operating margin came to 171 million euros (versus 202 million euros in 2012), breaking down as 141 million euros from actual operations and 30 million euros from the one-off impact of reversing pension benefit provisions in Norway and the United States following the closure or freeze of defined benefit plans. The year-on-year decrease in operating margin was mainly due to a negative volume effect in the businesses which have historically been the most profitable for the Group, i.e. the utilities market in Europe, the LAN cables sectors in North America, and cables for the building sector in Australia.

1.1.2 Analysis by business line

Distributors & Installers

The Distributors & Installers division posted sales of 1,155 million euros for 2013 at constant non-ferrous metal prices, down 6.3% year-on-year on an organic basis.

Power cables

Sales of cables for the building industry saw an year-on-year decline of 4,8% convering highly contrasting trends between mature markets (Europe, North America and Australia) and emerging markets (South America, the MERA Area and Korea).

In Europe, business contracted on an organic basis in the first three quarters of the year but swung up in the last three months, with organic growth of more than 7% compared with the previous year and almost 8% on a period-on-period basis, fueled by a better operating context in Southern Europe and a to stabilization of sales in Scandinavia.

The recovery in the residential sector in the United States was not sufficient to offset the effect of the lackluster market in Canada, where there was a double-digit fall in sales as a result of a deterioration in the industrial construction sector, particularly in oil shale.

In South America, after sharp growth in the first half, the positive trend slowed in the second six months of the year due to weaker growth in the region's various countries, especially Brazil. Sales are up by around 2% on a year-on-year basis.

In the MERA Area, business remained robust in Turkey but flatter in Morocco.

Lastly, in Australia (where the Group's positioning is focused on cables for mining infrastructure) demand dropped significantly at the beginning of 2013 and remained very weak throughout the course of the year. Meanwhile, business levels in Korea remained stable.

Data cables

The situation was difficult in the data cables business in the United States in 2013, both because the market slowed during the year on some segments of the market and also because the Group's business was in a transition period following the agreement signed in the second quarter to set up an alliance with Leviton.

(1) Like-for-like sales correspond to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates and changes in the scope of consolidation.

As a result of the above factors, the Distributors & Installers division reported an overall operating margin of 37 million euros in 2013, representing 3.2% of sales at constant metal prices, compared with 78 million euros in 2012.

Industry

In 2013, sales for the Industry division amounted to 1,222 million euros at constant non-ferrous metal prices compared with 1,195 million euros in 2012, representing organic growth of 1.4%. Performance was mixed, however, across the division's various regions and markets.

Sales in the automotive harness business remain robust, with a rise for six consecutive quarters thanks to relatively strong demand from the German customers and the development of more extensive and innovative offering.

Performance in the rest of the transport sector was driven by buoyant showings from the aeronautical and the railroad businesses – which delivered double-digit growth in Europe –, and by the sea transport sector in Asia.

Sales in the energy resources sector were severely affected by the weakness in the mining market, in particular in Australia. In the North American Oil & Gas sector, a tendency towards using existing underground wells rather than building offshore platforms – which are more costly – resulted in significant postponements to projects as well as an increase in the weighting of Maintenance, Repair and Operations (MRO) within the sales figure. In other regions, however, several contracts for offshore gas projects were signed, notably in Korea, Brazil, and the North Sea that offset the North American weakness.

The renewable energy sector enjoyed very positive trends in 2013, mainly reflecting the development of wind power in Brazil.

The situation remained difficult in the other industrial applications segments, in particular in Europe, although there was an upturn in the fourth quarter for automation cables and for certain niche markets with development potential such as the medical sector.

Overall, operating margin for the Industry division was slightly below 2012 as a percentage of sales (3.4% vs. 3.7%), representing 42 million euros, confirming the relevance of the project for reorganizing production operations in Europe.

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division amounted to 2,034 million euros at constant non-ferrous metal prices, down 1.3% on an organic basis. Once again, the picture was extremely mixed across the division's different markets, with a sharp downturn in distribution, a solid showing among telecommunications operators, a significant contraction in land high-voltage operations and another period of robust momentum for submarine high-voltage.

Distribution

Sales to energy operators retreated by 5%, with a particularly marked decrease in the third quarter, notably in France where the period-on-period decline reached 15% due to further moves by operators (especially ERDF) to reduce their capital expenditure. Business levels in Southern Europe and Germany stabilized but were still low and price pressure was strong in those regions. The robust performance delivered by Lebanon is not sufficient to offset the impact of the extremely tense situation in Egypt. The Group is in the process of selling its assets in this country.

As expected, in South America the Group enjoyed strong growth during the second half of 2013 as a result of the delivery of overhead power line projects in Brazil and ongoing positive trends in Chile and Peru.

In the Asia-Pacific region, business volumes continued to grow briskly in China and Korea reported exceptionally high sales levels. While the operating environment was extremely competitive during the year in Australia.

Despite weak demand in the utilities sector the Accessories business held firm, primarily thanks to the innovation measures put in place.

Operators

Sales for the Operators division were up by nearly 5% in 2013, propelled by very dynamic demand for fiber in Europe, where the majority of this segment's sales are generated.

Land high-voltage cables

The land high-voltage business reported negative organic growth of 18% compared with 2012, reflecting the Group's significantly smaller presence in the Middle East and political situation in the region.

The order book amounted to 250 million euros at end-2013, representing around one year of sales.

The China-based Yanggu plant is currently undergoing modernization with a view to achieving certification for the Australian market.

Production in the Charleston plant in the United States is expected to start as planned in the third quarter of 2014.

Submarine high-voltage cables

This business performed in line with its recovery plan, with sales up 13% on 2012.

Umbilical cables saw very sharp growth, led by the framework agreement signed with British Petroleum in 2012.

The order book is currently running at 2 years' worth of sales.

Overall, operating margin for the Transmission, Distribution & Operators division totaled 70 million euros in 2013, representing 3.5% of sales, and was more or less unchanged from 2012. The 2013 figure reflects the combined impacts of a steep increase in the margin for submarine high-voltage operations and a sharp decrease in sales volumes and, consequently in the margins for the distribution and land high-voltage businesses in Europe.

Other activities

The "Other activities" segment refers to Electrical Wires activity and other activity not allocated to the business sectors. In 2013, sales amounted to 740 million euros at current metal price or 278 million euros at standard metal price, with an organic year-on-year decline of 3.3%, mainly explained by a reduction of external sales.

The operating margin of this segment totaled 22 million euros in 2013, including 30 million euros from the one-off impact of reversing pension benefit provisions in Norway and the United States following the closure or freeze of defined benefit plans.

Also see section 1.2.11 ("Other significant events of the year").

1.2 Other items of 2013 consolidated results

1.2.1 Core exposure effect

This line of the consolidated income statement includes the following two components (see Note 1.e.c to the 2013 consolidated financial statements for further details):

- A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is reinforced by the existence of a permanent inventory of metal that is not hedged (called "Core exposure").

  The accounting impact related to this difference is not included in operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for the Group – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.

- A "volume effect": At the level of operating margin (which is a key performance indicator), Core exposure is measured at a historic cost, which is close to its LIFO value, whereas at Operating income level it is valued at weighted average cost (see Note 1.f.d to the 2013 consolidated financial statements) in accordance with IFRS. 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) are also recorded under "Core exposure effect" in the consolidated income statement.

For the year ended December 31, 2013, the Core exposure effect was a negative 41 million euros. In 2012 it was a negative 11 million euros. The difference between 2013 and 2012 is due to a sharp decrease in copper prices (see Note 25.d to the 2013 consolidated financial statements).

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 provided by its business units.

The tests conducted in 2013 resulted in the recognition of a 130 million euros net impairment loss, mainly breaking down as follows:

- 80 million euros in impairment of non-current assets held by the "Australia" cash-generating unit (CGU) which comprises Nexans' operations in Australia and New Zealand acquired in December, 2006. Of this total, 43 million euros related to goodwill and 37 million euros to property, plant and equipment.

- A 26 millions euros impairment loss to reflect the difference between the recoverable and carrying amounts of Nexans' companies in Argentina and Egypt. At December 31, 2013 these companies were classified as assets held for sale in accordance with IFRS 5 (see Note 8 to the 2013 consolidated financial statements).

- 7 million euros to write down property, plant and equipment held by the "Russia" CGU.

The 20 million euro net impairment loss recorded in 2012 chiefly concerned goodwill and property, plant and equipment held by the "Egypt" entity, which were fully written down in the second half of the year for a total amount of 17 million euros. This was due to the fact that business levels for power cables dropped sharply in Egypt following the country's political revolution and the ensuing tense economic and political environment, which is not likely to return to normal in the short term.

The remainder of the impairment losses related to the pursuing of impairment of the Cash Generating Unit (CGU) "Rodmill Europe" fixed assets, in Germany as well as in France, partly offset by impairment reversals on the CGUs "Rodmill Canada" and "Utilities Europe". These two CGUs benefited from strong operating results in 2012 and positive future forecasts.

1.2.3 Restructuring costs

Restructuring costs came to 180 million euros in 2013 (see the breakdown provided in Note 22 to the 2013 consolidated financial statements), compared with 21 million euros in 2012. The 2013 figure primarily relates to downsizing plans announced on October 15, 2013 in Europe and Asia Pacific.

The 21 million euros in restructuring costs recorded in 2012 reflected provisions set aside for downsizing plans in Germany, Australia, Italy and Brazil.

All of the restructuring plans put in place include assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

1.2.4 Changes in fair value of non-ferrous metal derivatives

The Group's operating companies use futures contracts negotiated primarily on the London Metal Exchange (LME) to hedge their 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 for cash flow hedge accounting, 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 the consolidated income statement under "Changes in fair value of non-ferrous metal derivatives".

Any gains or losses previously recognized in equity are recycled to the consolidated income statement and included in operating margin in the period in which the hedged item (e.g., the purchase of copper cathodes) affects income. This mechanism neutralizes the impact on operating margin of changes in the fair value of hedged metals.

At end-December 2013, only a few of the Group's units – for which the amounts concerned are not considered material – did not 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 are recognized in the income statement under "Changes in fair value of non-ferrous metal derivatives".

1.2.5 Gains and losses on asset disposals

Gains and losses on asset disposals are non material, in 2013 as well as 2012.

1.2.6 Provision related to EU antitrust procedure

In the first half of 2011, the Group set aside a 200 million euros provision for a fine that may be imposed on it following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011 for alleged anticompetitive behavior by the Company and Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services. See section 1.2.11 below for further details.

In view of the exceptional nature of this provision and its highly material amount, in accordance with IFRS it was presented in a separate line of the income statement ("Reserve for risk related to EU antitrust procedure") between operating margin and operating income.

1.2.7 Net financial expense

The Group recorded a net financial expense of 109 million euros in 2013, compared with 112 million euros the previous year.

At 90 million euros, the cost of net debt in 2013 is stable compared to 2012.

Other financial expenses were 3 million euros lower than in 2012, mainly attributable to a lower net finance cost for pension benefit obligations.

1.2.8 Income taxes

Although it reported a loss of 291 million euros before tax, the Group recorded an income tax expense of 39 million euros in 2013.

In 2012, the income tax expense was 5 million euros.

1.2.9 Principal cash flows for the period

Cash flows from operations before cost of debt and tax totaled 217 million euros in 2013, reflecting the Group's positive net income figure for the year, before taking into account the expenses not having a cash impact (of which 41 million euros core exposure effect and 278 million euros worth of depreciation, amortization and impairment of assets).

As expected, working capital requirement for the Transmission business fell in the first half of the year before going on to improve considerably in the second half. At December 31, 2013, the working capital requirement for this business was more than 50 million euros less than one year earlier.

Net cash used in investing activities came to 205 million euros in 2013 and mainly corresponded to 194 million euros for purchases of property, plant and equipment and intangible assets, including 40 million euros in capital expenditure for the production plant under construction in Charleston.

Cash flows generated from financing activities amount to a positive net amount of 91 million euros in 2013, primarily as a result of the 279 million euros rights issue carried out on November 8, 2013. The main cash outflows for financing activities during the year comprised (i) 114 million euros in net repayments of borrowings (including 85 million euros for the OCEANE 2013 bonds), (ii) 15 million euros in dividends paid by the Company, and (iii) 64 million euros in interest paid.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents increased by 150 million euros during the year and stood at 968 million euros at December 31, 2013 (including 987 million euros in cash and cash equivalents recorded under assets and 19 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.2.10 Consolidated statement of financial position

The Group's total consolidated assets decreased to 5,461 million euros at December 31, 2013 from 5,854 million euros at December 31, 2012.

Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,964 million euros at December 31, 2013, versus 2,210 million euros at December 31, 2012.
- Operating working capital requirement (trade receivables plus inventories less trade payables and accounts related to long-term contracts excluding the impact of foreign currency translation and reclassifications to assets held for sale) decreased by 97 million euros in 2013.
- Consolidated net debt was scaled back considerably, to 337 million euros at December 31, 2013 from 606 million euros one year earlier, due to the rights issue carried out in November 2013 and the decrease in working capital requirement.
- Provisions for contingencies and charges increased, despite a 70 million euro decrease in provisions for pensions and other retirement benefit obligations. Restructuring provisions totaled 151 million euros (versus 43 million euros at December 31, 2012).
- Total equity stood at 1,600 million euros compared with 1,843 million euros at December 31, 2012. Other than the 279 million euros rights issue, the main impacts on equity during the year came from changes in currency translation reserves, which had a negative effect of 144 million euros and the 330 million euros negative net result.

1.2.11 Other significant events of the year

a) Governance and Executive Management

Board of Directors

In March 2013, the Company set up a Strategy Committee comprising the Chairman and Chief Executive Officer and four other directors. In addition, at the Annual Shareholders' Meeting held on May 14, 2013, Nexans' shareholders re-elected as directors Jérôme Gallot and Francisco Pérez Mackenna (proposed by Nexans' principal shareholder, Invexans (formerly Madeco, Quiñenco group)) in accordance with the shareholders' agreement entered into with Nexans. At the same meeting, based on recommendations by Invexans, the shareholders also elected Andrónico Luksic Craig (proposed by the Quiñenco group) as a director, to replace Guillermo Luksic Craig who passed away. Nexans' Board of Directors has comprised 14 members since the close of that meeting.

The Group's governance structure

In the summer of 2013, Arnaud Poupart-Lafarge joined the Group as Chief Operating Officer with a view to strengthening Nexans' Executive Management and helping accelerate the deployment of the Group's strategic initiatives.

At end-November 2013, the structure and membership of the Management Board (formerly called the "Management Committee") were changed. The Management Board's objective is to determine the Group's strategy as well as its resource allocation policies and organizational structure. It is chaired by Frédéric Vincent, Chairman and Chief Executive Officer, and comprises the following other members: Arnaud Poupart-Lafarge (Chief Operating Officer), Pascal Portevin (Senior Corporate Executive Vice President), Anne-Marie Cambourieu (Senior Corporate Vice President, Human Resources), Benjamin Fitoussi (Senior Corporate Vice President, Strategy & Development), Nicolas Badré (Chief Financial Officer), and Patrick Noonan (General Counsel).

b) Reorganization of the Group's operations in Australia

Following a sharp deterioration in the macroeconomic context in Australia, the Group performed a strategic analysis and decided to make significant changes to its operational structure in the region. As a result, the Group recorded an 80 million euros impairment loss for the "Australia" cash-generating unit (CGU) at June 30, 2013:

- The "Australia" CGU corresponds to the activities of Nexans Olex in Australia and New Zealand.
- Like many other manufacturing companies in Australia, in recent years Nexans Olex has been confronted with tough competition from outside the region, exacerbated by the stronger Australian dollar and the elimination of import taxes.
- More recently, and particularly in the first half of 2013, the macroeconomic environment has worsened significantly, which has impacted the entity's three main markets: growth in the mining business came to a sudden halt, the non-residential construction sector experienced a sharp slowdown, and reorganization plans were implemented by energy operators following a steep falloff in electricity consumption.
- In response to this difficult situation, Nexans launched a strategic analysis in order to put in place an appropriate action plan for the requisite change measures. The underlying objectives of this plan are to more deeply integrate Australian operations into the regional supply chain, cut costs drastically, and streamline the manufacturing and purchasing processes. The rollout phase of the plan was under way at end-2013.

c) Reorganization of the Group's operations in Europe in order to maintain its competitiveness

Nexans operates in a global cable market which is currently facing a number of major challenges. This is particularly the case in Europe, where a lack of growth, overcapacity and fierce competition mean that the Group needs to envisage measures to address the situation.
Consequently, in order to restore its competitiveness, as from the second quarter of 2013 the Group's subsidiaries began to draw up a draft cost-savings plan for its operations in Europe.
The plan aims to maintain the Group's competitiveness in Europe and enables it to respond to the new market context by focusing on a number of different objectives:

- Streamlining the manufacturing base of the Group's Industry division in Europe.
- Optimizing the organizational structure and production sites of the land high-voltage business.
- Streamlining and adapting support functions in line with the requirements of the Group's European subsidiaries.
- Increasing R&D resources.

The plan concerns all of the Group's countries of operation in Europe but primarily France, Germany, Switzerland, Italy and Belgium. The measures adopted would lead to 468 job cuts in Europe but would also involve the transfer of 462 jobs and the creation of 39 new positions. Internal mobility – which the Group's European subsidiaries will do all they can to facilitate – is a key factor of the overall plan.

d) Rights issue

On October 15, 2013 the Company launched a share issue to be paid up in cash, with pre-emptive subscription rights for existing shareholders. The aim of the issue was to enable Nexans to strengthen its financial structure, sustain its credit profile, and offer flexibility for the deployment of the Group's strategic initiatives. The details of the issue are provided in the prospectus approved by the French financial market authorities (AMF) on October 14, 2013 under number 13-541.

The final gross proceeds of the issue amounted to 283,791,195 euros, and it involved the issuance of 12,612,942 new shares.

Total demand for the issue amounted to approximately 582 million euros, corresponding to a take-up rate of around 205%. 12,260,265 new shares were taken up by shareholders exercising their pre-emptive subscription rights in proportion to their shareholdings (à titre irréductible), representing approximately 97.2% of the total number of shares issued. Demand from shareholders wishing to take up a number of shares in excess of their entitlements under their pre-emptive rights (*à titre réductible*) represented a total of 13,618,412 shares, and therefore has only be partially met through the allocation of the remaining 352,677 new shares.

Settlement and delivery and the listing of the new shares on NYSE Euronext in Paris (compartment A) took place on November 8, 2013. At that date, the Company's share capital was made up of 29,430,203 shares with a par value of 1 euro each, representing a total amount of 29,430,203 euros.

The new shares carried immediate dividend rights and rank *pari passu* with the Company's existing ordinary shares already listed on NYSE Euronext in Paris under ISIN code FR0000044448.

The capital increase resulting from this rights issue will enable Nexans to:

– Strengthen its financial structure by:

- improving the capital structure which has been impacted by various non-recurring items (e.g. adoption of IAS 19R, impact of changes in exchange rates and metals prices on the fair values of derivatives, and changes in foreign currency translation reserves);
- reducing the net debt/EBITDA and net debt/equity ratios.

– Sustain its credit profile by:

- helping to maintain credit ratings and optimizing finance costs, in particular – subject to market conditions – through repurchases or repayments of local borrowings (which could amount to approximately 100 million euros) or of the Group's financial instruments;
- increasing financial flexibility by providing long-term access to diversified sources of financing.

– Offer flexibility in the deployment of the Group's strategic initiatives.

e) Investigations by the EU antitrust authorities

On July 5, 2011, the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition relating to alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services.

The details of the investigations and the various procedural stages are described in Note 30 to the 2013 consolidated financial statements.

As the outcome of the proceedings will likely be known within 12 months, the 200 million euro provision recognized in connection with the investigations has been reclassified as a short-term provision in the 2013 consolidated financial statements.

1.3 The Company

1.3.1 Business overview

The Company is an ultimate holding company that does not have any industrial or commercial trading activities.

For the year ended December 31, 2013 the Company reported sales of 18 million euros, derived primarily from services billed to Group subsidiaries (versus 26 million euros in 2012).

After taking into account operating costs and net financial expenses amounting to respectively 42.4 million euros and 127 million euros, and dividends received of 101 million euros, the Company's net loss for the year totaled 50.8 million euros at December 31, 2013 against net profit of 35.5 million euros in 2012.

Despite a net loss, the Company's equity at December 31, 2013 was 1,871.3 million euros, compared with 1,655 million euros at December 31, 2012, mainly due to the Company's 283.8 million euros rights issue.

In accordance with the requirements of Articles L. 441-6-1 and D.441-4 of the French Commercial Code (Code de commerce), it is hereby disclosed that the Company had outstanding trade payables of 1,811,437 euros at December 31, 2012 and 2,929,260 euros at December 31, 2013 (invoices not payable as of end 2013 but payable in full in the first quarter of 2014).

1.3.2 Proposed appropriation of 2013 net income and dividend payment

The Annual Shareholders' Meeting to be held in the first half of 2014 will be asked to approve the appropriation of the Company's net loss for the year – totaling 50,786,622 euros – as follows:

- Retained earnings brought forward:	223,466,198 euros
- 2013 net income	(50,786,622) euros
- Legal reserve	0 euro
- **Total distributable income**	**172,679,576 euros**

In view of the difficult economic context, the Board of Directors has decided that it would be prudent not to recommend a dividend payment for 2013 on the Company's ordinary shares. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place on May 15, 2014.

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:

	2012 (paid in 2013)	2011 (paid in 2012)	2010 (paid in 2011)
Dividend per share	€0.50	€1.1	€1.1
Number of shares qualifying	29,394,042	28,760,710	28,710,443
Total payout	€14,697,021	€31,636,781	€31,581,487

02. PROGRESS MADE AND DIFFICULTIES ENCOUNTERED IN 2013

In addition to the progress made and difficulties encountered described in this report and particularly in section 1 above ("Operations during 2013"), during the year the Group began to put in place a number of measures to transform its business and organizational structure.

The first stages of this transformation program involved strengthening the Group's governance structure by setting up a Strategy Committee (a standing committee of the Board of Directors), appointing a Chief Operating Officer who is responsible for the operational side of the Group's business, working alongside and resporting to the Chairman and Chief Executive Officer, and, towards the end of the year, restructuring the Management Committee (renamed the Management Board) and the Executive Committee (renamed the Management Council).

In addition, a Transformation Program Office has been set up with a view to monitoring the implementation of the strategic initiatives contained in the 2013-2015 strategic plan. Its team is headed by a Chief Transformation Officer and it reports to the Strategy and Development Department reporting to the Chairman and Chief Executive Officer.

The initial effects of the strategic initiatives already undertaken have begun to emerge. For example, the action plans put in place to stabilize operating conditions in the submarine high-voltage business are progressing as expected, consultation procedures on planned reorganizations are taking place with employee representatives in line with schedule, and headway is being made in the rollout of cross-business programs dedicated to operational excellence and customer-centric processes.

The Group encountered numerous operating difficulties in 2013, notably a marked slowdown in business in North America, a lack of recovery in Europe where the picture has been extremely mixed for the region's various markets, a deterioration of the situation in Australia, and tougher operating conditions in a number of countries, including Argentina and Egypt.

In addition to risk factors, the main uncertainties for 2014 concern the following:

- The cost-saving plans in Europe and Asia which may have a significant adverse impact on operations.
- The operating performance of the high voltage business, in particular compliance with delivery lead times and successful results of tests requested by customers, as well as positive outcomes for claims management procedures related to turnkey projects.
- Maintaining a sufficient level of demand and prices in Europe and North America.
- The economic environment of emerging countries (China, Brazil).
- The potential impact in 2014 of the antitrust investigations begun in 2009, consistent with the accounting options applied by the Group.
- The Group's ability to integrate newly-acquired entities, leverage its partnerships and carry out its planned divestments in the best conditions.
- Increased customer credit risks, which in some cases cannot be insured, or fully insured, in Southern Europe and North Africa and in some customer segments in China.

03. RESEARCH AND DEVELOPMENT

The Group places a particular focus on innovation and to this end has research teams dedicated to developing new materials, products and technologies.

During 2013 there was an increase in the financial resources allocated to R&D activities, which amounted to 76 million euros for the Group as a whole.

More than 600 researchers, engineers and technicians work in the Group's technical centers, which form part of four Research Centers.

The Group's technical activities are divided into three main areas: research, development and technical support for manufacturing facilities. The objective of the research function is to provide the Group with the products and technologies it requires to renew its medium- and long-term portfolio so that it can continually stand out from its competitors. The development of products, technologies and services is aimed at meeting the needs of the Group's customers in both the short and medium term. And the technical support function's responsibilities include improving the Group's manufacturing processes and products on an ongoing basis and resolving one-off problems.

Four Research Centers are tasked 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. They help design state-of-the-art materials, fine-tune new technologies and develop new products while at the same time providing technical support to the manufacturing facilities, either for specific projects or as part of the Group's continuous improvement program for production operations. They work for all of the business units and are therefore fully financed by the Group. Two of the four Research Centers are based in France – at Lens for metallurgy and Lyon for other cross-linked materials (particularly for medium- and high-voltage cables) and digital simulation. A third Center, which specializes in rubber, is located in Jincheon County in Korea, and the fourth Research Center – dedicated to thermoplastic materials – is based in Nuremberg in Germany. The extension and renovation works undertaken on the Lens Research Center were completed in early 2013.

Priority action areas have been defined at Group level and key projects launched with a view to speeding up the rollout of new solutions in these areas. These projects – which are of strategic importance for the Group – are overseen by the Technical Department. Technical Directors allocated to each main market coordinate technical developments on a worldwide scale and manage the strategic projects portfolios.

The Group's main R&D successes in 2013 included the following:

- Further progress in the area of high-voltage direct current (HVDC) systems, with voltage levels reaching 320 kV.
- A second trial of a new-generation overhead power line with a carbon-fiber composite core, this time installed in France.
- The development of fire-resistant cables for the merchant navy.
- Mining cables with integrated chips that use radio frequency identification.
- Launch of the Distingo™ range that features two major enhancements: length marking and color marking.
- High-speed data transmission cables for the US market.
- Aerial extractable optical fiber cables for the FTTH market.

In addition, the Group continued to develop smart grid systems and to strengthen its position in the cutting-edge area of superconductors – materials that are perfect electricity conductors when cooled to the right temperature. A 1km-long superconducting cable combined with a resistive superconducting fault current limiter has been installed in Essen in Germany and is currently undergoing tests. The Group's customer, RWE, presented Nexans with its 2013 Supplier Award for Innovation for this project.

In December 2011, the Group inaugurated a series of technical conferences. The first of these in 2011 was on superconductivity, followed by a conference on PLC technology in 2012 and then overhead lines in 2013. The 2013 conference was held in the Musée des Arts et Métiers in Paris and was attended by around a hundred people of some 17 different nationalities.

The Group currently has a portfolio of approximately 650 patent families, and 80 new patents were filed in 2013 – the second-highest number of filings in the Group's history. This achievement demonstrates the creative abilities of our technical teams and will enable the Group to strengthen its market positioning by protecting its intellectual property.

04. SIGNIFICANT EVENTS AFTER **REPORTING PERIOD**

The Group is not aware of any significant event that occurred after December 31, 2013.

05. TRENDS **AND OUTLOOK**

The Group now believes that adverse economic conditions that have affected its performance in 2013 particularly in the second half will delay the worldwide progress of the cable market in the medium term and will have an impact on the pace and extent of certain strategic initiatives, especially growth initiatives.

The strategic plan 2013/2015 is therefore adjusted to incorporate a weighted average annual sales growth at constant metal around 4.5 to 5.5% per year and in 2015, an operating margin of 5.1 to 5.7% of sales at constant metal prices and a return on capital employed over 9%. The initial ambitions anounced in February 2013 were a weighted average annual growth of sales in the range of 5 to 6% per year, an operating margin in 2015 of 6.2% to 7.1% of sales at constant metal prices (350 to 400 millions euros) and a return on capital employed between 10.1 à 11.6%.

In 2014, the Group therefore expects to see an increase in its operating margin. In addition, the implementation of the reorganization measures – notably the restructuring plans – should have an impact on the net debt (not including the effect of the potential fine that may be imposed by the EU competition authorities).

06. RISK **FACTORS**

The 2013 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 describes the organizational structures and procedures in place within the Group relating to risk management, in addition to those measures put in place to manage the risk related to the antitrust investigations described in section 6.1.1 below.

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. The Group may be exposed to other risks that were unidentified at the date of this report, or which are not currently considered significant.

6.1 Legal risks

In the same way as all other industrial players, in view of the Group's 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 the Group could result in a decrease in its profitability and earnings.

6.1.1 Antitrust investigations

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

In late January 2009, antitrust investigations were launched against various Group companies and other cable manufacturers in relation to anticompetitive behavior in the sector of submarine and underground power cables.

In connection with these investigations, on July 5, 2011 the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition. Consequently, Nexans France SAS recorded a 200 million euros provision in its individual financial statements for the potential fine that could be imposed on it, which was included in the Group's consolidated financial statements at June 30, 2011.

The amount of the provision corresponds, at this stage of the proceedings, and by application of the principle of prudence, to the Group's estimate of the fine that may be imposed on it, taking into account the Commission's fining policy and the methodology and elements on which the Commission indicated its intention to base its fine, as well as certain challenges that the Company and its subsidiary Nexans France SAS made in their response to the Statement of Objections which was submitted to the European Commission in 2011. As it is an estimate, the final amount of any fine may be different to the provisioned amount.

In June 2012, the Company and its subsidiary Nexans France SAS as well as the other parties involved in the proceedings were heard by the European Commission. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but the Commission generally issues a decision within six to eighteen months following such hearings. Consequently, the decision in this procedure will probably be issued in 2014[1].

Certain Group companies are also under investigation by the Competition Authorities of Australia, Korea (in addition to ongoing investigations into local activity as described below), the United States, Brazil, and Canada, in the same sector of activity. The proceedings in each of these countries are still under way.

(1) Note to the 2013 Registration Document: See the section "Significant events since the year-end and approval of the 2013 Management Report" on page 233 of this Registration Document.

The Group is unable to comment at this stage on the outcome of these proceedings or the ensuing consequences – notably from a financial perspective – and therefore has not made any provision in its accounts for any investigations other than for the potential fine which may be imposed on the Group by the European Commission. Investigations in Japan and New Zealand were closed in 2011 without any sanctions being imposed on the Group.

In a press release of February 12, 2009 and in its subsequent communications, the Company indicated that an unfavorable outcome for all of these proceedings as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group, even excluding the potential fine that may be imposed by the European Commission.

In addition, as mentioned above, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage cables. To date, these subsidiaries have paid fines representing approximately 4 million euros in relation to certain of these investigations. This amount corresponds administrative and criminal proceedings concerning seven cases, of which six date from 2007 and one from 2013. In the latter caser, a criminal conviction has been pronounced early 2014 against the Korean subsidiary and one of its executives. The fine on the Korean subsidiary, which will appeal against this decision, amounts to approximately 13,000 euros. A number of the related court decisions have been appealed. A 7 million euro provision has been booked in the financial statements to cover customer claims following the decisions handed down in certain procedures. Further, Nexans local subsidiary is cooperating with local Korean authorities in additional investigations into businesses other than the high voltage business for which there is not yet a decision. The Group cannot estimate at this stage the amount of risk relating to the still outstanding investigations and customer claims.

The Group is continuing to take measures to ensure that it complies with all applicable laws and regulations, notably through its Code of Ethics and Business Conduct which is distributed widely throughout the Group and sets out the principles that the Group's employees are expected to respect in the course of their work. All new employees hired by the Group are required to sign a written undertaking to comply with this Code.

In addition, in the first half of 2009 the Group rolled out a Competition Compliance Program which describes the underlying principles for ensuring that Group employees strictly respect all the provisions of the applicable competition laws. The principles adopted included making Management accountable for rolling out the Program, effectively relaying compliance procedures and rules within the Group, requiring sales employees to undergo training on these procedures and rules, and raising their awareness about the risks and sanctions related to unfair competitive practices.

Since then, a new Action Plan has been rolled out each year as part of the Competition Compliance Program. Internal audits are performed to ensure the Plan is being properly implemented and the audit findings are relayed to the Accounts and Audit Committee.

Lastly, a procedure has been in place since September 2011 for signaling any incidents related to certain rules contained in the Code of Ethics (including those concerning competition law).

In spite of the internal control rules and procedures in place, which have been regularly strengthened over the past several years, the Group cannot guarantee that the risks and problems relating to anticompetitive practices will be fully controlled or eliminated.

6.1.2 Other compliance risk

The Group has put in place rules and procedures for managing compliance risks, which have been regularly strengthened over the past several years, particularly the Code of Ethics and Business Conduct and the internal procedure on agents and consultants (see the Internal Control section of the 2013 Report of the Chairman of the Board of Directors).

In the past, the Group has discovered cases of non-compliance, such as in relation to customs regulations applicable for exports to the United States and technical standards (tests) to be respected for any product sold to the US Navy. In both of the cases in question, the Group subsidiaries concerned worked with the relevant authorities, voluntarily disclosing the non-compliance issue and introducing tighter control procedures. The authorities regularly carry out audits and draw up reports to certify that the Group is compliant. These audits are currently being performed with the US Navy. To date no penalties have been imposed on the Group for these non-compliance cases.

The procedures and processes put in place by the Group cannot, however, provide an absolute guarantee that all compliance risks and issues will be fully controlled or eliminated. Likewise, the Group cannot provide absolute assurance that it (i) has always been or will always be fully compliant with all the relevant standards and regulations in all circumstances, (ii) will not incur any major costs or be held liable for ensuring its future compliance with these regulations, or (iii) will be able to finance potential future liabilities.

6.1.3 Risks related to claims and litigation

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

Furthermore, as part of its day-to-day business, the Group is subject to legal risks arising from relations with partners, customers and suppliers. A number of Group subsidiaries are currently involved in disputes, primarily relating to contractual liability (see section 6.2.1 below). Disputes and contingent liabilities are also described in Note 30 ("Disputes and contingent liabilities") and Note 22 ("Provisions") to the 2013 consolidated financial statements.

The most significant dispute risk concerns a claim made by a European transmission link owner against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable (see Note 30 to the 2013 consolidated financial statements).

The dispute between the transmission link owner and the Nexans subsidiary is currently subject to arbitration proceedings, proceedings in which it claims a total amount of over 100 million pounds sterling (representing over 118 million euros). The Group is standing by the position of the subsidiary which accepts no liability whatsoever.

6.2 Business-related risks

6.2.1 Risks related to contractual liability

Product liability

The manufacturing and commercial activities of the Group's operating companies expose it to product liability claims and claims for damage to property or third parties allegedly caused by its products. A number of the Group's companies supply products to the automotive industry, which sometimes carries out product recalls that can affect a large number of vehicles. These recalls can be due to the alleged non-compliance of products delivered by Group companies.

The Group's operating companies provide warranties concerning the performance of their products, which may cover a long period of time. In addition, warranties given to the Group's various companies pursuant to contracts for the supply of materials and components used in these companies' products may be less extensive than the warranties that the companies give to their customers (for example steel tubes in umbilical cables and the optical fiber in optical fiber cables).

Contracts related to turnkey projects

The majority of contracts for the supply and installation of cables as part of turnkey infrastructure projects involve submarine and land high-voltage cable operations. The sales figure generated on such projects varies from one year to another and represents approximately 15% 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 a Group company 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).

Cables – which have to comply with a certain number of specifications and international standards – are tested before they are delivered or brought into service. In view of the growing complexity of technical standards, increases in transmission voltage and high customer expectations, the need to successfully complete certain tests after the contract signature can lead to delays in the manufacturing schedule and/or require certain cables to be remanufactured.

Likewise, successfully carrying out turnkey infrastructure projects can depend on and/or be affected by the occurrence of unforeseen events or the existence of circumstances that were not taken into account during the project preparation phase. When such events or circumstances arise, the Group company concerned sometimes negotiates with the customer to amend the related contractual provisions, which can result in that company having to temporarily or permanently bear extra production or installation costs.

If a Group company is held liable for a problem in connection with a turnkey contract this could have a material adverse effect on the financial position and earnings of the Group as a whole as (i) heavy penalties may be incurred, (ii) all or some of the cables concerned may have to be replaced (before or after delivery), (iii) damage claims may be filed against the Group company involved, (iv) warranty periods may have to be extended, and/or (v) the liability may result in other more far-reaching consequences such as production delays for other projects.

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

If the Group or its companies are subject to any such claims, the Group takes their impact into account when calculating the margins recognized on the contracts concerned, as described in Note 1.e.a to the consolidated financial statements.

By way of example, in late 2009 the Group encountered difficulties relating to a contract for submarine high-voltage cables. In the first half of 2010 a provision was recorded in the consolidated financial statements, which finally covered the amounts subsequently provided for in the settlement agreement signed in early 2011 with the customer, a Chinese State-owned company. The work undertaken for this customer was completed at end-2011. However, the project also led to a dispute with the Chinese subcontractor involved in the cable-laying process, which accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship concerned and would not allow the equipment on board – which belonged to a Group company – to be unloaded. 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, the Group company concerned is claiming from the subcontractor compensation for losses caused by the accident (notably delays in the project). This dispute has been referred for arbitration in Singapore[1].

At the end of 2013, certain contracts concluded by the Group could lead to performance difficulties, although the Group currently considers those difficulties do not justify the provisions in the accounts or specific disclosure as contingent.

Risk management

All major contracts entered into by the Group's operating subsidiaries 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 and technical teams are able to pinpoint the risks inherent in sales contracts and that they involve the Group's Legal Department in contractual negotiations. However, for certain contracts – notably in the transport sector – some customers will not agree to liability caps.

(1) The reader of the 2013 Registration Document shall note that on February 17, 2014 the arbitral tribunal issued a partial final award in favor of the Group company.

In order to mitigate product liability risk, the Group has set up stringent product quality control procedures. A large number of its 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.

The Group currently has third party liability insurance that covers product liability, which it considers to be in line with industry standards and whose coverage amounts largely exceed any past claims. However, the Group 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

The Group's 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 helps to mitigate the risk of customer dependency at Group level and no customer accounted for more than 5% of consolidated sales in 2013.

However, in some countries, a customer 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 certain manufacturing lines.

In addition, given the level of operating income involved and the current 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 the Group's earnings.

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 the Group's operating companies, with copper and aluminum accounting for the vast majority of their raw material purchases. Therefore, price fluctuations and product availability have a direct effect on their business. A global copper shortage, interruptions of supplies or the inability to obtain raw materials at commercially reasonable prices could have an adverse effect on the Group's earnings, even though it has diversified its sources of supply as much as possible in order to reduce these risks and has developed close – but non-exclusive – partnerships with certain key suppliers. The situation is to some extent similar for petroleum byproducts such as polyethylene, PVC and plasticizers. This partnership strategy will be pursued and extended in 2014. The Group may also be in a position where it is unable to pass all supplies price increases on to its customers.

The Group's policy is to have at least two suppliers for any raw material or component used in manufacturing its products. Programs launched in 2008 in conjunction with the Research and Development Department in order to reduce situations where the Group is dependent on a sole supplier have enabled it to make major headway in this area. Consequently, in 2013 it did not experience any raw materials shortages, despite the fact that sourcing was sometimes difficult as a result of the general economic environment.

Copper consumption in 2013 amounted to around 477,000 tonnes (excluding the approximately 70,000 tonnes processed on behalf of customers). To cover their main requirements, Group companies enter into annual contracts with various copper producers for the purchase of pre-determined amounts.

The Group's aluminum consumption in 2013 totaled 139,000 tonnes.

At end-2013 the Group did not have any take-or-pay contracts other than a few local contracts in Brazil and an aluminum contract in Europe.

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

The financial instruments used by Group subsidiaries to manage exposure to commodities risks for copper and aluminum are described in paragraph d (Metals price risk) of Note 25 to the consolidated financial statements (Financial risks). The sensitivity of the Group's earnings to copper prices is described in paragraph f (Market risk sensitivity analysis) of the same note.

Contracts entered into by Group subsidiaries for other raw materials are generally negotiated annually without any firm purchase commitments, and orders are placed monthly on the basis of requirements.

Risks related to the supply of raw materials are specifically monitored by each purchaser for the product family concerned. The purchasing strategy based on partnerships with a number of key suppliers is aimed at reducing the Group's exposure to shortages of supplies that are essential for its business activities, including metals, plastics, equipment and services.

6.2.4 Risks related to external growth

The Group carries out external growth transactions as part of its overall expansion strategy. These include acquiring new business activities and companies, setting up joint ventures and entering into partnerships.

Aside from the difficulties involved in carrying out acquisitions or forging partnerships under satisfactory conditions, the Group may encounter difficulties with integrating acquired companies or in realizing the full potential of partnerships (notably in terms of synergies). In turn, this can limit the benefits expected from such transactions or even lead the Group to withdraw from them. Moreover, the Group may have to assume costs or liabilities that were not revealed during the acquisition phase if they are not covered by sellers' warranties or if the seller refuses to assume them itself. Likewise, integrating new businesses and teams may prove difficult and/or give rise to higher costs than initially envisaged, especially when the transactions concerned are carried out in countries whose legislation and business practices differ greatly from the conditions prevailing within the Group. For pending cases, see Note 31 to the 2013 consolidated financial statements.

The Group has put in place specific processes for controlling these transactions. In particular it has set up a Mergers and Acquisitions Committee which is responsible for examining and approving all acquisition and divestment projects as well as possible strategic alliances or partnerships (see the Internal Control section of the 2013 Report of the Chairman of the Board of Directors). Following the preliminary agreement signed in June 2011 concerning the acquisition of a majority stake in the power cables business of the Shandong Yanggu Cables group in China, the Group carried out a risk mapping process on the integration of the business before completing the transaction in late 2012.

6.2.5 Geopolitical risks

Certain high-growth regions are important for the Group's development but some of these areas are exposed to major geopolitical risks. In 2013, some 10% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle-East, Russia, Africa) and 1.6% in countries which are classified by Coface as having a very unsettled economic and political environment or representing a very high risk.

For example, due to the political unrest in the Middle East since 2011 (particularly in Libya, Egypt and Lebanon where there is still a high security risk), the performance of the Group's power transmission businesses in the region has declined. The Group has a subsidiary in Egypt, where the deeply unsettled economic and political environment has created very significant operational and business control risks, which have led the Group to envisage a plan to dispose of its operations in the country, against a backdrop of falling asset prices.

6.2.6 Risks related to the competitive environment of the Group's operating subsidiaries

The cable industry is still heavily fragmented both regionally and internationally, and the cable, wire and cabling system markets are highly competitive. The number and size of competitors of the Group's operating companies vary depending on the market, geographical area and product line concerned. Consequently, they have several competitors in each of their businesses. Furthermore, for some businesses and in certain regional markets, the main competitors of the Group's operating companies may have a stronger position or have access to greater know-how or resources. In Europe, where it generates around 50% of consolidated sales (by customer location), the Group has numerous competitors, the largest of which are Prysmian (Draka), NKT and General Cable.

At the same time, growing demand in emerging markets has resulted in new players and increased regional production capacity at regional level in the Middle East and Korea, which maintains a competitive pressure, particularly for energy infrastructure cables and cables for the building sector.

OEMs (Original Equipment Manufacturers) are shifting away from standardized products, and the Group's operating companies therefore have 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, innovation and availability, geographical coverage and the range of products offered.

In this environment the Group must constantly invest and improve its performance in order to retain its competitive edge in certain markets. In addition, it is continuing to focus on the customer-centric, R&D, logistics, and marketing aspects of its businesses in order for its operating subsidiaries to be able to stand out from the competition. In parallel, faced with downward pressure on prices, it is striving to reduce costs by continuously streamlining the production sites of its operating subsidiaries and implementing plans to boost its manufacturing performance.

6.2.7 Risks related to technologies used

In order to remain competitive, the Group 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 the Group's operating subsidiaries are present tend to favor the use of highly technological products; it is therefore important that the Group undertakes research providing it with access to the technologies that are required and valued by the market.

The Group takes steps to protect its innovations by filing patent applications in key countries. However, if it does not obtain intellectual property rights in countries where there are market development prospects, or if it is unable to defend its rights, its competitors could develop and use similar technologies and products to those developed by the Group's operating subsidiaries which are insufficiently protected. Such events could have an impact on the Group's business, image and financial results.

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 the Group's operating subsidiaries will not ultimately be replaced by new technologies developed by its competitors or that its competitors will not file claims for alleged patent infringement. In the event of a patent infringement case, the Group could be compelled to stop using the technologies protected by the disputed intellectual property rights.

The Group's companies are regularly involved in patent infringement claims filed either by themselves against third parties or by competitors against them. Until now, the financial consequences of such disputes have not been material for the Group but it cannot be ruled out that legal proceedings currently in process or new proceedings could have a major impact on the Group's resources and lead to significant expenses (notably legal costs, royalty fees or compensation payments).

In 2012, a Group company based in the USA filed a procedure to invalidate a number of patents held by Belden for data network cables and Belden has lodged infringement lawsuits against said company. Although the outcome of these proceedings is not yet known, the Group believes that they will not have a material impact on its consolidated earnings although such a possibility cannot be entirely ruled out.

In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary has refuted these claims. Since then, there has been no further contact with the holder of the industrial property rights concerned. Even though no lawsuits have been filed in connection with the alleged infringement of industrial property rights this does not in any way prejudge the outcome of the claim. However, in view of the subject matter of the claim, Nexans can in turn claim compensation from a third party, which has been duly notified of the case; even if a dispute involving a higher amount than the amount of compensation payable by the third party cannot be ruled out.

6.2.8 Industrial and environmental risks

As the Group's operating companies carry out manufacturing activities, they are exposed to risks relating to the operations conducted at their production sites as well as major machinery breakdown incidents, which could lead to production stoppages and significant adverse consequences. Some of the Group's manufacturing sites are located in areas subject to natural disasters. The new Charleston plant in the United States is located close to a river and has therefore access to the sea. Therefore the site is subject to environmental risks that were taken into account at the time of construction. The Group draws up systematic audit plans in conjunction with its property and casualty insurer with a view to preventing such risks but it is impossible to rule out all risks of production stoppages. In addition, the Group 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 the importance to the Group of the submarine high-voltage cables market, it needs a cable-laying vessel capable of performing installation contracts within the required timeframes. As there are very few of these vessels available worldwide, the Group has its own cable-laying vessel, the Skagerrak (owned through one of its Norwegian subsidiaries), which is one of the rare ships in the world specially designed to transport and lay submarine high-voltage cables over long distances and in deep waters.

As is the case for any industrial player, the Group 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, the Group's operating subsidiaries are exposed to the possibility of liability claims being filed against them, and of incurring significant costs (e.g. for liability with respect to current or past activities or related to assets sold).

In the majority of the countries where the Group operates, specific environmental permits or authorizations are required for manufacturing sites. Internal studies are carried out to ensure that the sites have sufficient resources to identify and track regulatory developments that concern them, as well as the financial resources to ensure regulatory compliance (see section 9.1 below ("Environmental approach and data") for a description of the Group's environmental management system). Regulatory monitoring is carried out either at country level or directly by the sites themselves.

In the United States, the Group's operating companies are 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 against said entity is determined or even if the relevant operations comply with the applicable regulations. No Group companies are currently involved in any legal proceedings of this type but no guarantees can be given that no such proceedings will arise in the future which could negatively impact the Group.

There is also a risk that current or former facilities may have been contaminated in the past.

In general, various environmental claims are filed against the Group's companies in the normal course of business. Based on the amounts claimed and the status of the proceedings concerned, together with its evaluation of the risks involved and provisioning policy, the Group 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, 2013 consolidated provisions for environmental risks amounted to approximately 8.1 million euros and mainly included amounts set aside for (i) clean-up costs for manufacturing sites (in Italy and Brazil) and (ii) a dispute with the purchasers of a plot of land and the local authorities in Duisburg, Germany concerning soil and groundwater pollution. These provisions also include amounts intended to cover clean-up costs or one-off soil cleaning operations – that are planned or in process – following the use of products such as solvents or oils.

The Group has also performed surveys at its sites in order to establish whether any environmental clean-up processes may be required. The Group estimates that any site clean-up costs it may incur that have not already been provisioned should not have a material impact on its results in view of the value of the land concerned, which in the past, has always exceeded the amount of any required clean-up costs.

The Group 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.

Finally, when implementing capital expenditure projects, the Group is exposed to the risk of failing to achieve its targets. This could have a material impact, particularly in the case of new plants built with a view to enabling the Group to break into markets where it does not have an operating presence.

6.2.9 Risks related to talent loss and reorganizations

In order to limit the risks related to talent loss, the Group has put in place procedures, programs and specific measures with a view to fostering employee loyalty and building the skill sets required for the Group's development. See section 9.2 below for further information ("Human resources approach and data").

With respect to reorganizations, the Group may negotiate restructuring plans whose final costs might exceed the related provisions initially set aside. Furthermore, although the restructuring plans implemented by the Group are carried out in compliance with the applicable laws and regulations the possibility of legal action taken by the employees affected by the plans cannot be ruled out. The total compensation claimed in this type of lawsuit can represent material amounts, especially when the restructuring concerns a site closure. Such lawsuits are currently in process in France and Italy, with the Italian lawsuit filed by former temporary workers. In France a site closure brought more than one hundred individual proceedings by employees against the Nexans subsidiary that was their former employer for alleged damages in addition to the indemnisations agreed upon with the labor unions in the social plan. A judgment imposing sanctions on the Nexans subsidiary was handed down by the first instance court.

Lastly, the Group cannot guarantee that there will be no industrial unrest that could lead to lengthy operational stoppages. Such unrest – which has resulted in litigation in the past, some of which is still ongoing – could have a negative impact on the Group's financial position, earnings, outlook and image.

6.2.10 Asbestos

The manufacturing processes used by the Group's various operating subsidiaries do 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.

Several asbestos-related claims and lawsuits have been filed against the Group in France and abroad. At end-2013, approximately 60 people in France had been classified as suffering from an asbestos-related occupational illness, of whom several (fewer than ten) had filed lawsuits against their employers that are still in progress. In France, a lawsuit has been filed against the Group and a claim lodged with the relevant authorities following the closure of a site. The plaintiffs in the lawsuit are seeking compensation for anxiety as a result of alleged exposure to asbestos. The Group does not currently believe that the final or foreseeable outcomes of these claims and lawsuits would have a material adverse effect on its earnings or financial position.

6.3 Financial risks

This section should be read in conjunction with Note 25 to the consolidated financial statements, entitled "Financial risks", which also sets out a sensitivity analysis for 2013.

Please also refer to Note 1.f.c to the consolidated financial statements as well as Note 7 ("Net asset impairment"), which sets out the assumptions used for the purpose of impairment testing.

Liquidity risks

The Group's main liquidity risks relate to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) two issues of bonds maturing in 2017 and 2018, (ii) two issues of convertible bonds maturing in 2016 and 2019 (including early redemption options exercisable at will by the bondholders in 2015 and 2018 respectively), (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
- compliance with the financial ratios provided for in the syndicated loan agreement signed by the Group on December 1, 2011 and amended on December 19, 2012 (1.1 gearing ratio; 3.5,leverage ratio until end-2014 and 3.1 thereafter) and the cross default clauses applicable to the above-mentioned bonds.

On November 8, 2013 the Company successfully carried out a 283,791,195 euro rights issue.

Details of the Group's cash resources and requirements (especially cash surpluses and credit facilities), together with its policy for managing and monitoring liquidity are described in Note 25 to the consolidated financial statements.

Interest rate and foreign exchange risks

The Group structures its funding in order to limit its exposure to increases interest rate risk. A sensitivity analysis concerning changes in interest rates is provided in Note 25.f to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in Note 25.c. Apart from in relation to non-ferrous metals transactions (see below), the Group considers its exposure to foreign exchange risk on operating cash flows to be limited 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 25.f.

On account of its international presence, the Group is also exposed to foreign currency translation risk on the net assets of its subsidiaries whose domestic currency is not the euro. It is Group policy not to hedge these risks.

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). The policy of the Group's operating subsidiaries concerned is to pass on metal prices in their own selling prices and to hedge the related risk either through a natural hedge or by entering into futures contracts on metal exchanges. These companies also hedge currency risks arising on their non-ferrous metal transactions, which are mainly carried out in US dollars.

The Group's strategy for managing non-ferrous metal risks, the potential impact of fluctuations in copper prices and the hedges put in place are described in Notes 25.d and 25.f to the consolidated financial statements.

Credit and counterparty risk

The nature of the Group's business activity exposes it to three main types of credit risk:

- Customer credit risk relating to its trade receivables portfolio. The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. The Group also applies a proactive policy for managing and reducing its customer risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries throughout the course of 2013. The Group has also set up a master credit insurance program for all of its subsidiaries, although a portion of its trade receivables is not covered by this program. Credit risk has been heightened by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. This situation means that it is more difficult – and still almost prohibitive – to obtain credit risk coverage in Greece, Spain, Argentina, Egypt and Morocco.
- Counterparty risk arising from derivatives set up to hedge currency risks and non-ferrous metal price risks.
- Counterparty risk arising from deposits placed with financial institutions.

These different types of credit risk are described in Note 25.e to the consolidated financial statements.

6.4 Insurance

The Group has a number of master insurance programs that have been in place since 2003 and cover companies that are over 50%-owned and/or over which Group subsidiaries exercise managerial powers. Newly-acquired entities 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.

The insurance programs are negotiated with top-rated insurers in the form of multi-year policies whenever possible; they include exit clauses for the insurer in the event that the loss amount exceeds the premiums. Their coverage limits are based on a historical analysis of the Company's claims experience and the advice of its brokers. Although they generally exceed the maximum amount of insured losses incurred by the Group in the past (apart from for credit insurance), they do not always cover the entire risk as they may be capped in terms of insured amounts or do not include certain types of coverage (for example the value of replacement products and late delivery penalties are not covered in the Group's third-party liability policy).

The Group relies on the expertise of global networks of insurance brokers to assist it with managing and deploying its insurance programs in all the countries where it operates.

The overall cost of insurance policies (excluding personal insurance) taken out at Group level represents approximately 0.5% of consolidated 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 property claims as well as business interruption arising from 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, Turkey, Japan, Lebanon, Chile and Peru). These coverage limits are generally lower than the related exposure amounts and it is becoming increasingly difficult to obtain such coverage for a reasonable price.

The Group continues its drive by setting up a specific capital expenditure program to prevent industrial risks. This program is designed in close collaboration between the Industrial Management Department, the Insurance Department and expert advisors from the Group's property insurer. These advisors regularly visit manufacturing sites, making targeted recommendations on how to improve risk prevention and health and safety procedures, as well as subsequently monitoring, in conjunction with the Insurance Department, that the recommendations have been implemented.

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

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, aeronautical and aerospatial 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 a rare but highly serious claim could considerably exceed the insured amounts (or the policy's coverage) and could therefore significantly affect the Group's 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 land and submarine cables

Site work relating to the laying of both land and submarine cables is covered by two specific insurance programs tailored to the operations concerned. Whether or not such cable-laying work can be included in these two master programs depends on its specific nature and characteristics and it is sometime necessary to set up separate policies, notably for very large contracts which exceed the coverage limits in the master programs. The after-delivery warranties requested by certain customers sometimes exceed the coverage periods available in the insurance market.

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.

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

A short-term credit insurance policy is in place within the Group and is renewed on an annual basis. In 2013 this policy was rounded out by a Group-wide credit management policy.

Captive re-insurance company

The Group 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 managing 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 euros cumulative cap per insurance year.

07. CORPORATE OFFICERS AND SENIOR MANAGERS

See also section 1 (Composition of the Board of Directors) in the corporate governance section of the 2013 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, 2013, the directorships and other positions held by the members of the Company's Board of Directors in all companies during 2013. 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 2013 (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*** - President of Europacable* (professional association)	- Director of International Cable Company*, Nexans Energy USA Inc.*, Nexans Canada* - Chairman of the Board of Directors of Nexans USA Inc.* - Chief Operating Officer of Nexans
Robert Brunck Independent Director	- Chairman of the Board of Directors of **CGG** (previously CGGVeritas) - President of l'Association pour la Recherche et le développement des Méthodes et Processus Industriels (ARMINES) - Director and Vice-President of Centre Européen d'Éducation Permanente (CEDEP) and of École Nationale Supérieure de Géologie (ENSG) and Bureau de Recherches Géologiques et Minières (BRGM) - Director of Groupement des Entreprises Parapétrolières et Paragazières-Association Française des Techniciens du Pétrole (GEP-AFTP)	Within CGGVeritas (renamed CGG): - Chief Executive Officer of CGGVeritas - Chairman of the Board of Directors of CGG Americas Inc.* - Chairman of the Supervisory Board of Sercel and CGGVeritas Services Holding B.V.* - Member of the Supervisory Board of Sercel Holding S.A. Outside the CGGVeritas group: - Director of Thalès, L'Institut Français du Pêtrole (IFP), Le Consortium Français de Localisation and Le Conservatoire National des Arts et Métiers (CNAM)
Georges Chodron de Courcel Director	- Chief Operating Officer of **BNP Paribas** - Member of the Executive Committee of BNP Paribas - Chairman of BNP Paribas (Switzerland) SA* - Vice-Chairman of **Fortis Bank SA/NV*** (BNP Paribas group) - Director of **Bouygues S.A., Alstom, F.F.P. (Société Foncière Financière et de Participations)**, Erbé SA*, **GBL (Groupe Bruxelles Lambert)***, Scor Holding (Switzerland) AG*, Scor Global Life Rückversichering Schweiz AG*, Scor Switzerland AG* and Verner Investissements SAS - Member of the Supervisory Board of **Lagardère SCA** - Non-voting director of Exane (a Verner subsidiary)	- Chairman of BNP Paribas UK (Holdings) Ltd* - Director of BNP Paribas ZAO* and CNP (Compagnie Nationale à Portefeuille)* - Non-voting director of Safran and Scor SE - Chairman of Financière BNP Paribas SAS and Compagnie d'Investissement de Paris SAS

(*) Positions held in foreign companies or institutions.
Companies **in bold** in the above table are listed companies (French and non-French).

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
Cyrille Duval Independent Director	- Secretary General of Eramet Alliages branch - Chief Operating Officer of EHA (previously SIMA) (Eramet group) - Chief Executive Officer of CEIR SAS - Chairman of Forges de Monplaisir (Eramet group) and Brown Europe (Eramet group) - Legal Manager of Transmet (Eramet group) and Sorame SCA - Director of **Eramet**, Comilog (Eramet group) and Metal Securities (Eramet group)	- Director of Stard S.A.
Jérôme Gallot Independent Director	- Advisor to the Chairman of Veolia Environnement - Director of Caixa Seguros* (Brazilian subsidiary of CNP Assurances) and **Plastic Omnium** - Non-voting director of **NRJ Group**	- Chief Executive Officer of Veolia Transdev - Director of ICADE and CNP Assurances - Member of the Supervisory Board of Schneider Electric S.A. - Chairman of CDC Entreprises and Avenir Entreprises S.A. - Non-voting director of Oseo
Véronique Guillot-Pelpel Independent Director	- Judge at the Paris Commercial Court	(n.a.)
Colette Lewiner Independent Director	– Advisor to the Chairman of Cap Gemini - Non-executive Chairman of TDF - Director of **Eurotunnel S.A.**, **Lafarge**(1), **Bouygues**, **Colas** (Bouygues subsidiary), **TGS-NOPEC Geophysical Company ASA*** and **Compton Greaves Limited*** - Member of the Académie des Technologies - Member of the Strategic Research Council chaired by the French Prime Minister	- Director of La Poste

(*) Positions held in foreign companies or institutions.
Companies **in bold** in the above table are listed companies (French and non-French).
(1) The directorship of Mrs. Lewiner at Lafarge expires on May 7, 2014 and, to comply with the recommendation of the AFEP-MEDEF Corporate Governance Code, Mrs. Lewiner decides not to seek renewal of her mandate.

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
Andrónico Luksic Craig Director proposed by the Quiñenco group	- Chairman of the Board of Directors of **Quiñenco S.A.*** - Positions held within Quiñenco group companies: • Vice-Chairman of the Board of Directors of **Banco de Chile*** and **CSAV*** **(Compañia Sudamericana de Vapores S.A.)** • Chairman of the Board of Directors of LQ Inversiones Financieras* and **CCU*** **(Compañia Cervecerías Unidas S.A.)** (and its wholly-owned subsidiaries CCU Chile*, CCU Argentina* and ECUSA*) • Director of **Invexans***, **Antofagasta Minerals Plc***, **Madeco*** and SM Chile* - Member of the Chilean Federation of Manufacturers – SOFOFA* (Sociedad de Fomento Fabril), the Chile-Pacific Foundation* and the ABAC* (APEC Business Advisory Council) - Vice President of the International Business Leaders' Advisory Council set up by the Shanghai municipal authorities* - Member of the International Advisory Board of **Barrick Gold***, the International Advisory Council of the Brookings Institution*, the Advisory Board of the Panama Canal Authority* and the Chairman's International Advisory Council in the Council of the Americas* - Member of the Global Advisory Council of Harvard University*, the Global Advisory Board of Harvard Business School*, Dean's Council of Harvard Kennedy School*, the International Advisory Board of the Blavatnik School of Government* in Oxford, the Advisory Board of the School of Economics and Management at Tsinghua* University in Beijing, and the School of Management at Fudan University* in Shanghai. - Member of the Latin American Executive Committee at the MIT Sloan School of Management* - Emeritus Trustee of Babson College*	(n.a.)
Francisco Pérez Mackenna Director proposed by the Quiñenco group	- Chief Executive Officer of **Quiñenco S.A.*** - Director of the following companies belonging to the Quiñenco group: **Banco de Chile***, **Madeco*** (and some of its wholly-owned subsidiaries), **CCU*** **(Compañia Cervecerías Unidas S.A.)** (and various wholly-owned subsidiaries), **CSAV*** **(Compañia Sudamericana de Vapores S.A.)**, **SAAM*** **(Sudamericana Agencias Aéreas y Marítimas S.A.)**, ENEX* (Empresa Nacional de Energía Enex S.A.) and **Invexans***	- Director of Viña San Pedro Tarapacá* (Quiñenco group) - Director of Banchile Corredores de Bolsa*

(*) Positions held in foreign companies or institutions.
Companies **in bold** in the above table are listed companies (French and non-French).

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
François Polge de Combret Independent Director	(n.a.)	- Director of Renault, Fonds Partenaires Gestion, Sagem and Bouygues Telecom - Member of the Supervisory Board of Safran

Hubert Porte
Director proposed by the Quiñenco group
	- Executive Chairman of Ecus Administradora General de Fondos S.A.* (private equity firm)
	- The following positions in Chilean companies whose financial investments are managed by Ecus Administradora General de Fondos S.A.:
	  - Chairman of the Board of Directors of Albia* (industrial laundry) and Green Pure* (an agri-food company)
	  - Director of Vitamina* (chain of nurseries and kindergartens) and Loginsa* (logistics)
	- Director of **Invexans*** (Quiñenco group) and Plastic Omnium S.A. Chile* (Chilean subsidiary of the Plastic Omnium group)
	- Managing Partner of Latin America Asset Management Advisors*(asset management)
		- Chairman of the Board of Directors of Central Frenos S.A.

Mouna Sepehri Independent Director	- Executive Vice-President, Office of the CEO at **Renault** and member of the Executive Committee - Director of **Danone** - Member of the Supervisory Board of **M6, (Métropole Télévision)**	(n.a.)

Nicolas de Tavernost
Independent Director
	- Chairman of the Management Board of the **M6 (Métropole Télévision) group**
	• Positions held within the M6 group:
	- Permanent representative of:
	  - M6 Publicité, as a director of Home Shopping Service SA and M6 Diffusion S.A.
	  - Home Shopping Services, as a director of Mister Gooddeal S.A.
	  - Métropole Télévision, as a director of SASP Football Club des Girondins de Bordeaux and Société Nouvelle de Distribution S.A.
	  - Métropole Télévision, as Chairman of M6,Publicité SAS, Immobilière M6 SAS, M6 Toulouse SAS, M6 Bordeaux SAS, M6, Intéractions SAS, M6 Web SAS and M6 Foot SAS
	  - Métropole Télévision, as Managing Partner of SCI du 107, av. Charles de Gaulle
	- Member and director of l'Association Football Club des Girondins de Bordeaux
	- Member of the Shareholders' Committee of Multi 4 SAS
	- President of the M6 group corporate foundation
	• Positions held outside the M6 group:
	- Member of the Supervisory Board of Ediradio S.A. (RTL)
	- Director of **Natixis**, **ATRESMEDIA*** (previously Antena 3) and **GL Events S.A.**
		• Positions held within the M6 group:
		- Director of Société Nouvelle de Distribution SA
		- Permanent representative of:
		  - Métropole Télévision, as Chairman of M6, Numérique SAS
		  - M6 Interactions, as Chairman of M6, Développement SAS
		  - Métropole Télévision, as a director of Paris, Première SA, Paris Première SAS and Mister Gooddeal S.A.
		  - Home Shopping Services, as a director of Télévente Promotion S.A.
		• Positions held outside the M6 group:
		- Director of Business Interactif and Hotel Saint-Dominique (in a personal capacity)
		- President of the Association of Commercial Television in Europe (ACT)*

(*) Positions held in foreign companies or institutions.
Companies **in bold** in the above table are listed companies (French and non-French).

	Directorships and other positions held during fiscal 2013 (and still in force at the year-end)	Directorships and other positions that have expired in the last five years
Lena Wujek Director representing employee shareholders	- Member of the Supervisory Board of FCPE Actionnariat Nexans (corporate mutual fund) - Corporate Law and Securities Counsel, Nexans Group	(n.a.)

(*) Positions held in foreign companies or institutions.
Companies **in bold** in the above table are listed companies (French and non-French).

7.2 Transactions in the Company's 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), transactions in the Company's securities carried out during fiscal 2013 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	Unit price (in euros)	Gross amount (in euros)
Frédéric Vincent Chairman and CEO	10/18/2013	Purchase	Shares	32.9164	8,031.60
	10/18/2013	Sale	Pre-emptive subscription right	4.6729	8,037.39
	8/11/2013	Subscription (capital increase)	Shares	22.50	116,775
A person related to Frédéric Vincent Chairman and CEO	10/18 /2013	Purchase	Shares	32.80	4,592
	10/18 /2013	Sale	Pre-emptive subscription right	4.62	4,620
Andrónico Luksic Craig Member of the Board of Directors	05/20/2013	Purchase	Shares	39.45	19,672.50
Georges Chodron de Courcel Member of the Board of Directors	10/20/2013	Subscription (capital increase)	Shares	22.50	2,227.50
	10/24/2013	Purchase	Shares	33.49	5,760.28
Cyrille Duval Member of the Board of Directors	11/8/2013	Subscription (capital increase)	Shares	22.50	4,792.50
A person related to Cyrille Duval Member of the Board of Directors	11/8/2013	Subscription (capital increase)	Shares	22.50	3,847.50

Further to the transactions carried out in 2013, Frédéric Vincent and his wife increased the number of shares they held in the Company by 5,434 shares from a total of 14,836 shares at end-2012 (18,625 shares held directly and indirectly, including units in the FCPE employee mutual fund invested in Nexans shares) to 20,270 shares at end-2013 (24,680 held directly and indirectly, including units in the FCPE employee mutual fund invested in Nexans shares).

7.3 Directors' compensation

At December 31, 2013 the Company's Board of Directors comprised 14 members. The aggregate annual amount of directors' fees was set at 650,000 euros at the Annual Shareholders' Meeting held on May 15, 2012, effective from the fiscal year that commenced on January 1, 2012.

Generally, 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.

In the revised version of the AFEP-MEDEF Corporate Governance Code issued in June 2013 it is recommended that the variable component of a director's compensation should represent a higher proportion of the overall compensation than the fixed component. In order to comply with this recommendation, at its meeting on July 24, 2013 the Board of Directors decided to amend the rules for allocating directors' fees[1] and resolved to apply these new rules with retroactive effect from January 1, 2013, i.e., in advance of the application deadline specified in the implementation guidance for the AFEP-MEDEF Corporate Governance Code published in January 2014:

- Each director, including the Chairman but excluding the employee shareholders' representative, is allocated a fixed fee of 13,000 euros.
- Each director, including the Chairman, receives 3,000 euros for every Board meeting attended, capped at an aggregate 21,000 euros per year.
- Each member of the Accounts and Audit Committee (other than the Committee Chairman) receives 3,000 euros per meeting, capped at an aggregate 12,000 euros per year. The Committee Chairman receives 6,000 euros per meeting, capped at an aggregate 24,000 euros per year.
- Each member of the Appointments, Compensation and Corporate Governance Committee (other than the Committee Chairman) receives 3,000 euros per meeting, capped at an aggregate 12,000 euros per year. The Committee Chairman receives 4,500 euros per meeting, capped at an aggregate 18,000 euros per year.
- Each member of the Strategy Committee, other than the Chairman and Chief Executive Officer, receives 4,000 euros in fixed fees per year and 4,000 euros per meeting, capped at an aggregate 12,000 euros per year.

In accordance with the Group's policy, none of Nexans SA's directors received any directors' fees in 2013 for positions held in Group subsidiaries.

The total amount of directors' fees allocated for 2013 – including the amounts paid to members of the Strategy Committee which was set up in March 2013 – was 625,500 euros. The table below shows the allocation between the individual directors for 2013 and 2012 (in euros).

Board member	Directors' fees allocated in 2012 (for 2012)	Directors' fees allocated in 2013 (for 2013)
Frédéric Vincent (Chairman of the Board)	34,000	34,000
Robert Brunck	46,000	64,000
Gianpaolo Caccini*	46,000	16,500
Georges Chodron de Courcel	58,000	52,000
Cyrille Duval	46,000	43,000
Jérôme Gallot	64,000	73,000
Véronique Guillot-Pelpel	34,000	43,000
Colette Lewiner	34,000	46,000
Andrónico Luksic Craig **	-	20,000
Guillermo Luksic Craig ***	22,000	7,000
François Polge de Combret	46,000	46,000
Francisco Pérez Mackenna	46,000	58,000
Hubert Porte	34,000	34,000
Mouna Sepehri	34,000	34,000
Nicolas de Tavernost	34,000	34,000
Lena Wujek (employee shareholders' representative)****	12,000	21,000
TOTAL	**590,000**	**625,500**

* Director whose term of office expired on May 14, 2013 and was not renewed.
** Director elected on May 14, 2013 to replace Guillermo Luksic Craig.
*** Director whose term of office expired end-March 2013.
**** Director elected on May 15, 2012.

Non-executive directors do not receive any compensation from the Company other than directors' fees, apart from the employee shareholders' representative who receives compensation from the subsidiary that employs her.

(1) Except for directors whose term of office expired in early 2013, i.e., before the Board amended the rules.

7.4 General principles – Compensation and benefits payable to the Chairman and CEO

7.4.1 General principles – Summary presentation of directors' compensation

The Company applies the AFEP-MEDEF Corporate Governance Code for listed companies in France (the AFEP-MEDEF Corporate Governance Code). The Internal Regulations of the Board of Directors – which can be viewed in full on the Company's website – include an Appendix setting out its policy on executive directors' compensation, whose principles are based on the recommendations contained in the June 2013 revised version of the AFEP-MEDEF Corporate Governance Code. The applicable recommendations in the revised version of the AFEP-MEDEF Corporate Governance Code have been followed for all of the components of the Chairman and CEO's compensation, except for one of the elements of his pension plan described in the Report of the Chairman of the Board of Directors 2013.

The Appointments, Compensation and Corporate Governance Committee recommends to the Board of Directors the compensation payable to the Chairman and CEO. When the Committee sets the rules applicable for calculating this compensation it ensures that they are consistent with the annual performance appraisal process for senior managers, the Company's medium-term strategy and market practices. When setting the overall structure of the Chairman and CEO's compensation package, the Committee draws on reports by independent consultants on market practices for comparable companies.

The compensation paid to the Chairman and CEO comprises a fixed portion and a variable portion linked to the Group's short- and medium-term performance.

Summary

	2012	2013
Compensation due for the year	€ 1,270,352	€ 800,000
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year[1]	€ 257,725	€ 919,500
TOTAL	**€ 1,528,077**	**€ 1,719,500**

(1) Valuation performed at the time of the performance share grant.

Breakdown of the compensation and benefits of the Chairman and CEO

	2012		2013	
	Amounts due for 2012	Amounts paid in 2012	Amounts due for 2013	Amounts paid in 2013
Fixed compensation	€800,000	€800,000	€800,000	€800,000
Variable compensation	€430,280	€869,135	0[4]	€430,280
Exceptional compensation[1]	-	€455,000[1]	-	-
Directors' fees[2]	€34,000	€34,000	€34,000	€34,000
Other benefits[3]	€6,072	€6,072	€6,072	€6,072
TOTAL	**€1,270,352**	**€2,164,207**	**€840,072**	**€1,270,352**

(1) In accordance with the Group's long-term compensation policy applicable to senior managers until 2010, Stock Option Plan no. 9 – which was set up for Group senior managers on March 9, 2010 – was associated with a long-term incentive plan under which the beneficiaries could be eligible for a cash payment if a number of pre-defined financial objectives were reached. On February 9, 2012 the Board of Directors noted that the objectives under this long-term incentive plan had been attained and the Chairman was paid a long-term incentive bonus of 455,000 euros.
(2) See section 7.3 above (Directors' compensation).
(3) Company vehicle.
(4) No variable portion of the compensation granted for 2013.

On February 10, 2014, the Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and set the Chairman and CEO's fixed compensation for 2014 at 800,000 euros, unchanged since 2011.

7.4.2 Variable compensation

The criteria used to calculate the variable portion of the Chairman and CEO's compensation are determined at the beginning of each year, for that year, by the Board of Directors, based on recommendations by the Appointments, Compensation and Corporate Governance 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 amount of the variable portion of the compensation may vary between 0% and 150% of the fixed compensation. The targeted variable compensation (bonus) amounts to a percentage of the fixed compensation at a target rate of 100%.

The majority of the Chairman and CEO's variable compensation is contingent on quantitative criteria related to the Group's performance. In addition, 30% of his variable compensation is contingent on non-financial criteria concerning the Chairman and CEO's individual performance, which are set based on a number of clear objectives considered strategic in terms of the Group's business, markets, operation, and organization. The portion based on quantitative objectives was raised to 70% for 2013 from 65%, with a view to even more closely aligning the Group's financial performance with the Chairman and CEO's compensation.

The variable portion of the Chairman and CEO's compensation for 2013 was determined as follows:

- 70% by reference to quantitative objectives related to the Group's operating and financial performance. These objectives are identical to those applied to Group senior managers for determining the variable portion of their compensation and are based on operating margin, working capital requirement and free cash flow.
- 30% by reference to specific pre-determined individual objectives. These objectives are not disclosed in detail as they are confidential but they are based on the Group's markets, business, operation and organization.

At its meeting of February 10, 2014 the Board decided that, for the determination of Frédéric Vincent's variable portion, the achievement rate of Group quantitative objectives for 2013 was 41.5%. Following an assessment of the achievement at 100% of his specific and pre-determined individual objectives – which are not publicly disclosed for confidentiality reasons – the Board decided that Frédéric Vincent's variable compensation should have been 472,000 euros.

However, upon the Chairman and CEO's initiative given the context of on-going restructuring plans, the Board of Directors decided not to pay a variable compensation to the Chairman and CEO for 2013. The Board of Directors has thus decided that the variable compensation (bonus) will be 0 for 2013, the Chairman and CEO not having participated to the discussion or the deliberation.

At the same meeting, the Board decided that the Chairman and CEO's variable compensation for 2014 (payable in 2015) may represent between 0% and 150% of his fixed compensation, as was the case for his variable compensation due for 2013 and paid in 2014, that is to say a target variable portion equal to the fixed compensation to which is applied a target bonus rate of 100%. The Board also decided to replace the objective based on working capital requirement by an objective linked to return on capital employed (ROCE), and to adjust the relative weightings of the financial objectives making up the quantitative criteria as follows: (1) Operating margin: 40%, (2) ROCE: 40% and (3) free cash flow: 20%.

7.4.3 Stock options and performance shares granted to the Chairman and CEO

Since it adopted the AFEP-MEDEF Corporate Governance Code, the Company has applied the recommendation in the Code that the exercise of stock options granted to executive directors and the vesting of performance shares should be subject to the beneficiaries meeting pre-defined performance conditions. Consequently, all of the stock options and performance shares granted to the Chairman and CEO since November 2008 have been subject to performance conditions whose attainment is assessed over several years.

<u>Stock options granted to the Chairman and CEO</u>

	Plan no. 5 – November 23, 2006	Plan no. 7 – February 22, 2008	Plan no. 8 – November 25, 2008	Plan no. 9 – March 9, 2010
Number of options granted[(1)]	139,872	75,764	52,452	€48,723
Start date of exercise period	11/23/07	02/22/09	11/25/09	03/09/11
Expiration date	11/22/14	02/21/16	11/24/16	03/08/18
Exercise price[(1)]	€65.28	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year	One quarter each year	One quarter each year
Performance conditions	No	No	Yes: two performance conditions related to Nexans' comparative share performance and the free cash flow generated by the Company.	Yes: two performance conditions related to Nexans' comparative share performance and the free cash flow generated by the Company.

(1) After adjustments made following a rights issue carried out on November 8, 2013.

In accordance with the Group's long-term compensation policy, the Chairman and CEO did not receive any stock options in 2013. In addition he did not exercise any stock options during the year.

Performance shares granted to the Chairman and CEO

	Plan no. 10 – November 15, 2011	Plan no. 11 – November 20, 2012	Plan no. 12 – July 24, 2013
Number of shares granted[(1)]	If target performance reached (100%): Between 0 and 14,570 If maximum performance reached (150%): Between 0 and 19,816	If target performance reached (100%): Between 0 and 15,153 If maximum performance reached (150%): Between 0 and 19,816	Between 0 and 58,280
Value of shares based on the method used in the consolidated financial statements	€316,188	€257,725	€919,500
Portion of total shares under the plan granted to the Chairman and CEO	Less than 12%	Less than 15%	Less than 20%
% capital represented by shares granted	0.06%	0.06%	0.2%
Vesting date	11/15/2014	11/20/2015	07/24/2016
End of lock-up period	11/15/2016	11/20/2017	07/24/2018
Performance conditions	Yes: two performance conditions - a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of nine industrial companies (Alstom, Legrand, Saint-Gobain, Rexel, Schneider Electric, Prysmian, General Cable, ABB and Leoni); and - a financial performance condition, based on the Group's operating margin on sales (at actual metal prices) measured over a three-year period, as compared with the same indicator calculated for the same benchmark panel of companies as used for the share performance condition.	Yes: two performance conditions - a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of nine industrial companies (Alstom, Legrand, Saint-Gobain, Rexel, Schneider-Electric, Prysmian, General Cable, ABB and Leoni); and - a financial performance condition, based on the Group's operating margin on sales (at actual metal prices) measured over a three-year period, as compared with the same indicator calculated for the same benchmark panel of companies as used for the share performance condition.	Yes (see below)

(1) For plans 10 and 11, the number of shares that will vest for the Chairman and CEO may vary depending on the achievement rate of the applicable performance conditions, as determined at the end of the vesting period. The figures for plans 10, 11 and 12 take into account the adjustments decided by the Board of Directors in accordance with the law on November 20, 2013, following the rights issue carried out on November 8, 2013.

No performance shares held by the Chairman and CEO reached the end of their lock-up period in 2013.

In accordance with the Group's long-term compensation policy and the proposal submitted at the Annual Shareholders' Meeting on May 14, 2013, on July 24, 2013 the Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and adopted a new long-term compensation plan (Plan no. 12). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan the Board granted the Chairman and CEO between 0 and 58,280[(1)] performance shares whose vesting is subject to the attainment of two performance conditions which are of equal weighting and are applicable to all performance share beneficiaries. These conditions are as follows:

(1) A share performance condition, which applies to 50% of the shares granted and is based on Nexans' share performance over a period of three years (as from the grant date) as compared with that of a benchmark panel made up of the following ten companies: Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider Electric, Saint-Gobain, Leoni and NKT; and

(2) A financial performance condition, which also applies to 50% of the shares granted and is based on the achievement rate at end-2015 of the objectives set in the 2013-2015 three-year strategic plan issued in February 2013, in terms of operating margin and return on capital employed (ROCE). Each of these criteria accounts for half of the portion of the share grant that is subject to the financial performance condition.

(1) After the adjustments decided by the Board of Directors in accordance with the law on November 20, 2013, following the rights issue carried out on November 8, 2013.

Out of the performance shares granted to the Chairman and CEO, the number of shares that will actually vest at the end of the vesting period on July 24, 2016 may range between a minimum of 0 and a maximum of 58,280 depending on the attainment of the applicable performance targets (calculated based on achievement scales – see section 7.5 below).

Characteristics of stock options and performance shares granted to the Chairman and CEO

Since the Group adopted the AFEP-MEDEF Corporate Governance Code, any grants of performance shares and/or stock options to executive directors have complied with the recommendations set out in said Code and all such grants are now subject to performance conditions.

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 granted to members of the Executive Committee (renamed the Management Council at end-2013) and stock options granted to members of the Management Council under plans 8 and 9 will only vest/be exercisable if the Appointments, Compensation and Corporate Governance Committee notes that the performance conditions set by the Board at the grant date (as described above) have been met.
Custody obligation (Article L.225-197-1 of the French Commercial Code)	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 Stock Option Plans 7, 8 and 9, executive directors are required to hold one quarter of the shares resulting from the exercise of stock options until the end of their term of office. Under the terms of Long-Term Compensation Plans 10, 11 and 12, the Chairman and CEO is required to hold, in registered form and as long as he remains in office, one quarter of the performance shares that he acquires at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the Chairman and CEO's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.
Purchase obligation	Under the terms of Long-Term Compensation Plans 10 and 11, at the end of the applicable lock-up period, the Chairman and CEO is required to purchase a number of shares equivalent to 10% of the performance shares that he acquires at the end of the vesting period. Under the terms of Long-Term Compensation Plan 12, at the end of the applicable lock-up period, the Chairman and CEO is required to purchase a number of shares equivalent to 5% of the performance shares that he acquires at the end of the vesting period.
Prohibition of hedging instruments	Stock options and performance shares granted to members of the Management Council (including the Chairman and CEO) as well as shares resulting from the exercise of stock options may not be hedged. Under Long-term Compensation Plan no. 12, this prohibition applies until the end of the lock-up period.
Recommended "black out" periods	Group procedure on insider trading.

See section 7.5 below ("Stock options and performance shares") for further details on the long-term compensation policy and the long-term compensation plans in progress, and particularly for the performance conditions applicable under the latest plan (Plan no. 12).

7.4.4 Commitments towards the Chairman and CEO

First appointed as Chairman and CEO: May 26, 2009

Renewal of appointment as Chairman and CEO: May 15, 2012

End of current term of office: 2016 Annual Shareholders' Meeting

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

Employment contract

In accordance with the recommendation 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 CEO of the Company in May 2009.

Termination payments

As Chairman and CEO, Frédéric Vincent will receive commitments from the Company concerning termination payments as described below. They were authorized by the Board and ratified at the Annual Shareholders' Meeting held on May 15, 2012.

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

Termination indemnity

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 notes the achievement of the performance conditions.

The indemnity will be equal to one year of his total compensation, i.e., 12 times his most recent monthly compensation (fixed portion) plus the corresponding to percentage of his bonus.

The payment of the indemnity would be subject to the satisfaction of two performance conditions:

(1) A share performance condition based on Nexans' share performance measured over a three-year period (with the last measurement date corresponding to the date on which the termination decision is taken), as compared with that of a benchmark panel of companies comprising Leoni, Prysmian (Draka), Legrand, General Cable, Rexel, ABB, Schneider Electric, Saint-Gobain and Alstom.

(2) A financial performance condition based on the Group's operating margin on sales (at actual metal prices) measured over a three-year period (corresponding to the three full fiscal years preceding the fiscal year in which the termination takes place), as compared with the same margin for the same benchmark panel of companies as used for the share performance condition.

For both of the above criteria, the Group's performance would be compared to that of the benchmark panel and the amount of the indemnity would be reduced as shown below if Nexans' performance is not higher than the median.

Index	Performance level and percentage of termination indemnity due
Nexans higher than the median	100%
Nexans higher than the 4th decile	80%
Nexans higher than the 3rd decile	50%
Nexans lower than or equal to the 3rd decile	0%

Consequently no indemnity would be payable if Nexans' performance is lower than the 3rd decile.

The level of achievement of these conditions would be noted by the Appointments, Compensation and Corporate Governance Committee.

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 compensation (fixed portion) plus the corresponding percentage of his bonus, paid in 24 equal and successive monthly installments.

Supplementary pension plan

As authorized by the Board of Directors on April 3, 2009 and approved in the fourth resolution of the May 26, 2009 Annual Shareholders' Meeting, in his capacity as Chairman and CEO, Frédéric Vincent is a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers. The Board of Directors' meeting of February 7, 2012, ruling on the renewal of the Chairman and CEO's term of office, confirmed that Frédéric Vincent would benefit from this pension plan. This commitment was approved by the shareholders on May 15, 2012.

The regulations for this plan were adopted by the Board of Directors in 2004 (and amended on October 1, and November 25, 2008 following approval by the shareholders), 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 before his retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling specified in the AFEP-MEDEF Corporate Governance Code.

At its meeting on November 25, 2008, the Board of Directors amended the plan's regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the Company.

The supplementary pension 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 beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

The portion of the commitments given by the Group for pensions and similar benefits to which Frédéric Vincent is entitled amounted to 8,591,970 euros at December 31, 2013, excluding taxes. Payroll and similar taxes amounted to 4,678,570 euros.

Welfare plan

Frédéric Vincent benefits from the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees.

7.5 Stock options and performance shares

Changes to 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, which, as from 2007, were combined with a cash-based long-term incentive plan ("LTIP") made available to a greater number of managers. In 2011 and 2012 the long-term compensation policy was changed to comprise grants of performance shares to the Group's key senior managers (including members of the Management Council – formerly the Executive Committee) as well as grants of a restricted number of free shares to certain high-potential managers.

In 2013, the Group decided to make its long-term compensation policy a more integral part of an overall strategy aimed at motivating employees and fostering their loyalty while remaining competitive compared with general market practices. Following the adoption of its three-year strategic plan for 2013-2015 and with a view to even more closely aligning the interests of its senior managers with those of its shareholders, the Company amended its performance share grant policy as described below. No changes were made to the policy for granting free shares (i.e., grants that are not subject to performance conditions).

- Amendment to the long-term compensation policy based on the beneficiaries concerned:
  - As in the past, the Chairman and CEO will receive performance shares (which may potentially become available after a period of five,years, i.e., after the expiration of the lock-up period). The number of these shares will be determined taking into account all of the components of his compensation package and will be subject to performance conditions indexed to the objectives contained in the Group's three-year strategic plan.
  - The Group's key senior managers will receive performance shares and medium-term conditional compensation based on the achievement of performance conditions indexed to the objectives contained in the Group's three-year strategic business plan.
  - A wider group of senior managers will be awarded medium-term conditional compensation based on the achievement of performance conditions indexed to the objectives contained in the Group's three-year strategic plan.
- Financial performance condition aligned with the objectives contained in the 2013-2015 strategic plan and representativeness of the share performance condition increased by extending the benchmark panel (to include ten companies for Plan 12 compared with nine for Plans 10 and 11), as well as implementation of a stricter achievement scale.

Stock options

Summary of stock option plans

Following the rights issue carried out on November 8, 2013, adjustments were made to the Company's stock option plans in terms of their exercise price in accordance with the French Commercial Code, and consequently also in terms of the number of options granted. These two adjustments were calculated in accordance with the regulations of the relevant plans, and in particular the legal formula applicable for adjusting the exercise price.

	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	06/05/03	05/15/06	05/15/06	05/10/07	04/10/08	05/26/09
Grant date	11/23/05	11/23/06	02/15/07	02/22/08	11/25/08	03/09/10
Number of options granted[1]	361,447	398,317	32,147	354,841	358,633	389,026
To the Chairman and CEO[1]	-	139,872	-	75,764	52,452	48,723
To the ten employees receiving the most options[1]	106,070	193,490	32,147	90,334	87,653	101,407
Total number of beneficiaries	96	29	5	180	216	240
Start date of exercise period	11/23/06	11/23/07	02/15/09	02/22/09	11/25/09	03/09/11
Expiration date	11/22/13	11/22/14	02/14/15	02/21/16	11/24/16	03/08/18
Exercise price[1]	€34.43	€65.28	€85.60	€61.11	€37.29	€46.30
Exercise conditions	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 Performance conditions	One quarter each year Performance conditions
Number of shares purchased at Dec. 31, 2013[1]	217,125	-	-	-	17,162	2,289
Number of options canceled[1]	144,322	14,829	14,663	23,680	27,186	24,323
Options outstanding at Dec. 31, 2013[1]	0	383,488	17,484	331,161	314,285	362,414

(1) After adjustments made following a rights issue carried out on November 8, 2013.

Shares subscribed in 2013 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Exercise price
Plan no. 4 – November 23, 2005	30,711	€40.13

Performance shares and restricted (free) shares

Summary of performance share and restricted (free) share grants

	Plan no. 10	Plan no. 11	Plan no. 12
Date of Shareholders' Meeting	05/31/2011	05/15/2012	05/14/2013
Grant date	11/15/2011	11/20/2012	07/24/2013
Number of performance shares granted (based on target performance)(1)	115,558	124,008	n.a
Number of performance shares granted (based on maximum performance)(1)	171,298	183,099	319,007
To the Chairman and CEO (based on maximum performance)(1)	19,816	19,816	58,280
To the ten employees receiving the most performance shares(1)	35,784	38,232	167,846
Number of free shares granted(1)	15,679	17,470	17,534
Vesting date (French residents)	11/15/14	11/20/15	07/24/16
End of lock-up period (French residents)	11/15/16	11/20/17	07/24/18
Total number of beneficiaries	256	247	173
Number of shares vested	-	-	-
Number of shares canceled	2,867	1,395	-

(1) After adjustments made following a rights issue carried out on November 8, 2013.

The performance conditions applicable for the performance shares granted under long-term Compensation Plans 10 and 11 are as follows: (1) a share performance condition based on the Company's share performance over a three-year period, as compared with that of a benchmark panel of companies over the same period; and (2) a financial performance condition based on the change in the Group's operating margin on sales measured over a three-year period (at actual metal prices), as compared with the change in operating margin on sales over the same period for the same benchmark panel of companies as used for the share performance condition.

The performance shares granted under long-term Compensation Plan 12 dated July 24, 2013 will only vest if the beneficiary is still a member of the Group at the vesting date and will be subject to strict performance conditions which will each be measured over a period of three years. The performance conditions concern share performance and financial performance, as follows:

– Half of the performance shares granted will be subject to a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of the following ten companies: Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT. The number of shares that vest will be determined in line with the following achievement scale, which is stricter than the scale used for the previous plans:

Performance achieved by Nexans compared with the benchmark panel	% of shares vested based on the share performance condition
> 9th decile	100%
> 8th decile	80%
> 7th decile	70%
> 6th decile	60%
≥ median	50%
< median	0%

– The other half of the performance shares granted will be subject to a financial performance condition based on the achievement rate at end-2015 of the operating margin and return on capital employed (ROCE) objectives contained in the 2013-2015 three-year strategic plan issued in February 2013. The number of shares that vest will be determined based on the following scale, with one quarter of the shares granted contingent on the achievement rate of operating margin targets and one quarter contingent on the achievement rate of ROCE targets.

Group operating margin at end-2015	% of shares vested based on operating margin objectives
≥ €400 million	100%
≥ €390 million and < €400 million	90%
≥ €380 million and <€390 million	80%
≥ €370 million and < €380 million	70%
≥ €360 million and <€370 million	60%
≥ €350 million and < €360 million	50%
< €350 million	0%

Group ROCE at end-2015	% of shares vested based on ROCE objectives
≥ 12%	100%
≥ 11% and < 12%	90%
≥ 10% and < 11%	80%
≥ 9% and < 10%	70%
≥ 8% and < 9%	60%
≥ 7% and < 8%	50%
< 7%	0%

The dilutive impact of the performance shares and free shares granted under Long-Term Compensation Plan no. 12 was approximately 0.80% at end-2013.

8.1 Share capital

Share capital at December 31, 2013

At December 31, 2013, the Company's share capital was 42,043,145 euros, divided into 42,043,145 shares with a par value of one (1) euro each. This amount includes the impact of (i) 36,161 stock options exercised between January 1 and December 31, 2013, and (ii) 12,612,942 new shares issued as part of a rights issue carried out on November 8, 2013 (see section 1.2.11 above for details of this issue). Each of the Company's shares carries one voting right.

Changes in the Company's share capital over the last five years

Date	Transaction	Number of shares issued/canceled	Par value of transaction	Total amount of share capital (in euros) and number of shares
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
July 26, 2011	Capital increase following the exercise of stock options	115,639	€115,639	28,720,030
January 11, 2012	Capital increase following the exercise of stock options	3,050	€3,050	28,723,080
July 24, 2012	Capital increase following the exercise of stock options	37,630	€37,630	28,760,710
August 3, 2012	Employee share issue	499,984	€499,984	29,260,694
December 18, 2012	Conversion of "1.5% 2013 OCEANE bonds"	98	€98	29,260,792
January 14, 2013	Capital increase following the exercise of stock options	133,250	€133,250	29,394,042
August 31, 2013	Capital increase following the exercise of stock options	9,500	€9,500	29,403,542
September 30, 2013	Capital increase following the exercise of stock options	24,661	€24,661	29,428,203
October 31, 2013	Capital increase following the exercise of stock options	2,000	€2,000	29,430,203
November 8, 2013	Capital increase through the issuance of new shares paid up in cash	12,612,942	€12,612,942	42,043,145

Potential share capital at December 31, 2013

The following securities carry rights to the Company's shares:

(1) The 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. If the bonds run until their scheduled redemption date they will be redeemed in full on January 1, 2016 at their face value, i.e., at a price of 53.15 euros per bond. However the Company has an early redemption option under which it is entitled to require the bondholders to convert their options into shares if the Company's share price exceeds a certain level. This OCEANE grants an early redemption right to the bondholders on January 1, 2015. 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 at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2013, all of the 4% 2016 OCEANE bonds were still outstanding.

As a result of the rights issue carried out on November 8, 2013, in accordance with the adjustment formulae provided for in the issue terms and conditions of the 4% 2016 OCEANE bonds, as from November 8, 2013 one 4% 2016 OCEANE bond is now convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(2) The OCEANE bonds issued on February 29, 2012. This public issue involved 3,780,588 OCEANE bonds, each with a face value of 72.74 euros, and represented a total value of approximately 275 million euros (the "2.5% 2019 OCEANE bonds"). The prospectus for the issue was approved by the AMF on February 21, 2012 under number 12-083. The term of the bonds was set at six years and 307 days. If the bonds run until their scheduled redemption date they will be redeemed in full on January 1, 2019 at their face value, i.e., at a price of 72.74 euros per bond. However the Company has an early redemption option under which it is entitled to require the bondholders to convert their options into shares if the Company's share price exceeds a certain level. This OCEANE grants an early redemption right to the bondholders on June 1, 2018. The bonds bear interest at 2.5% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 2.5% (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 at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2013, all of the 2.5% 2019 OCEANE bonds were still outstanding.

As a result of the rights issue carried out on November 8, 2013, in accordance with the adjustment formulae provided for in the issue terms and conditions of the 2.5% 2019 OCEANE bonds, as from November 8, 2013, one 2.5% 2019 OCEANE bond is now convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(3) 1,408,832 outstanding stock options granted by the Company, representing approximately 3.35% of the Company's capital and exercisable for one share each.

(4) 50,683 free shares (with no performance conditions attached) granted to certain employees, representing approximately 0.12% of the Company's share capital at December 31, 2013.

(5) 537,022 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers, representing approximately 1.27% of the Company's share capital at December 31, 2013.

Except for the above-mentioned instruments, at December 31, 2013 there were no securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

At end-2013, the Company's potential share capital – corresponding to its existing capital plus any shares issued on the exercise of rights to the Company's shares – represented approximately 126% of the Company's capital at December 31, 2013.

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

8.2 Breakdown of share capital and voting rights

Main shareholders

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, 2013 were:

- the Quiñenco Group (Chile), which held 26.55% of the Company's capital at end-2013[1] through its subsidiary Invexans;

- Manning & Napier Advisors (United States), which held 7.9% of the capital;

- Bpifrance Participations (France), which held approximately 7.8% of the capital;

- Amber Capital (UK), which held approximately 5% of the capital.

Legal threshold disclosures filed in 2013

The following threshold disclosures were filed with the AMF in 2013:

Date threshold crossed	Date of disclosure	Declarant company or intermediary	Number of shares and voting rights held	% capital	% voting rights	Disclosure event
07/12/2013	07/18/2013	BPI Group, via Bpifrance Participations SA[2]	1,620,000	5.51%	5.51%	Upward crossing of share ownership and voting rights threshold
10/16/2013	10/22/2013	Amber Capital UK LLP	1,556,264	5.29%	5.29%	Upward crossing of share ownership and voting rights threshold
10/21/2013	10/24/2013	UBS AG	1,635,584	5.56%	5.56%	Upward crossing of share ownership and voting rights threshold
10/25/2013	10/30/2013	UBS AG	1,381,245	4.69%	4.69%	Downward crossing of share ownership and voting rights threshold
10/29/2013	10/31/2013	UBS AG	1,386,868	4.71%	4.71%	Downward crossing of share ownership and voting rights threshold
11/06/2013	11/11/2013	UBS AG	1,570,003	5.33%	5.33%	Upward crossing of share ownership and voting rights threshold
11/07/2013	11/08/2013	Quiñenco Group, via Invexans (previously Madeco)	7,376,120	25.06%	25.06%	Upward crossing of share ownership and voting rights threshold
11/08/2013	11/12/2013	Quiñenco Group, via Invexans (previously Madeco)	10,624,422	25.27%	25.27%	Upward crossing of share ownership and voting rights threshold
11/08/2013	11/12/2013	UBS AG	1,967,201	4.68%	4.68%	Downward crossing of share ownership and voting rights threshold

(1) At the date of the 2013 Registration Document, Invexans holds 28% of the company's capital and voting rights.
(2) This disclosure was made following the reorganization of the activities of the Strategic Investment Fund (FSI) within the French public investment bank (BPI).

Date threshold crossed	Date of disclosure	Declarant company or intermediary	Number of shares and voting rights held	% capital	% voting rights	Disclosure event
11/08/2013	11/12/2013	Third Avenue Management LLC[2]	1,520,890	3.62%	3.62%	Downward crossing of share ownership and voting rights threshold[3]
11/25/2013	11/26/2013	Manning & Napier Advisors LLC[4]	3,350,863	7.97%	7.97%	Downward crossing of share ownership and voting rights threshold
12/17/2013	12/19/2013	UBS AG	2,126,966	5.06%	5.06%	Upward crossing of share ownership and voting rights threshold
12/20/2013	12/23/2013	UBS AG	1,879,692	4.47%	4.47%	Downward crossing of share ownership and voting rights threshold
12/20/2013	12/30/2013	Dodge & Cox[5]	2,084,112	4.96%	4.96%	Downward crossing of share ownership and voting rights threshold

(2) Third Avenue Management LLC (US) acting on behalf of clients and managed funds.
(3) Following the rights issue carried out on November 8, 2013.
(4) Manning & Napier Advisors LLC (US) acting on behalf of clients and managed funds.
(5) Dodge & Cox (US) acting on behalf of clients and managed funds.

8.3 Share buybacks

The Annual Shareholders' Meeting on May 15, 2012 authorized the Company to trade in its own shares subject to terms and conditions set by shareholders at the Meeting. At December 31, 2013 no share buyback program had been initiated by the Board of Directors and therefore the Company held none of its own shares at that date.

8.4 Employee share ownership

Following the rights issue carried out on November 8, 2013, at December 31, 2013, the proportion of the Company's share capital owned by employees – calculated in accordance with Article L.225-102 of the French Commercial Code – was 3.03% (of which 98.85% 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 (General Principles – "Compensation and benefits payable to the Chairman and CEO"), certain salaried members of the Company's Management Council 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.

On March 27, 2011, the Company signed an agreement with its principal shareholder, Invexans[1] (a member of the Quiñenco group). This agreement was amended on November 26, 2012 for the purpose of allowing the Quiñenco group to further increase its stake in the company. At the same time, the amendment extended the duration of the agreement to November 26, 2022. Under the amended agreement Invexans is subject to lock-up and standstill undertakings whereby during a three-year period expiring on November 26, 2015 its interest in the Company must not correspond to less than 20% (lock-up) or more than 28% (standstill). If Invexans' interest crosses the threshold of 25% of the Company's share capital during this three-year period, the lock-up undertaking will automatically be increased to 25%. Invexans is entitled to three seats on the Company's Board of Directors throughout the entire term of the agreement and either party may terminate either the agreement in its entirety or certain of their obligations in the event of a public tender offer for the Company.

(1) Previously Madeco.

The following five commitments contain provisions relating to a change in control of the Company:

(1) A multi-year securitization program set up in April 2010 under which the amount of receivables that may be sold has been capped at 250 million euros. The receivables sales are carried out through two programs: (i) an "On Balance Sheet" program, under which the sold receivables are not derecognized and the level of outstandings is currently capped at 110 million euros worth of receivables; and (ii) an "Off Balance Sheet" program, under which the sold receivables are derecognized and the level of outstandings is currently capped at 25 million euros worth of receivables. At December 31, 2013, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were around 75 million euros and 19 million euros respectively. According to the terms of this securitization plan, the receivables sales and the programs themselves may be terminated in the event of a change in control of the Company.

(2) The syndicated loan agreement (Multicurrency Revolving Facility Agreement) entered into on December 1, 2011 – initially representing 540 million euros and increased to 596 million euros by way of an amendment dated December 19, 2012 – which contains a clause for accelerated repayment in certain circumstances, including in the event of a change in control of the Company.

(3) 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 an early redemption option at 101% of the notes' face value in the event of a change in control of the Company leading to a rating downgrade.

(4) The prospectuses for the issuance of the 4% 2016 OCEANE bonds and the 2.5% 2019 OCEANE bonds, which provide bondholders with an early redemption option on January 1, 2015 (or the first business day thereafter) and July 1, 2018 (or the first business day thereafter), respectively.

(5) The prospectus for the issuance of the 4.25% 2018 OCEANE bonds, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

09. CORPORATE **SOCIAL RESPONSIBILITY (CSR)**

A CSR[1] Committee established in 2009 defines the Group's sustainable development and CSR policies and tracks related initiatives. It is chaired by Frédéric Vincent, Group Chairman and CEO, and meets twice a year.

The Company also has two specialized committees, made up of various working groups, which also meet twice a year and are tasked with steering and coordinating themes and projects in the following main fields:

- "Governance and Social" Committee: Governance, ethics and business conduct, responsible purchasing, workplace safety, labor relations, corporate sponsorship projects and community relations.

- "Environment & Products" Committee: On-site environmental management, soil testing, new product innovation and development, life-cycle assessment and eco-declarations, and sustainable products and solutions.

Since 2012, the Company has published a CSR and sustainable development brochure which is available in English and French on the Group's website (www.nexans.com).

Ethics and business conduct

The Code of Ethics and Business Conduct is given to all employees and all of the Group's stakeholders are informed of its contents. It establishes the principles that the Group's employees must adhere to in their professional activities and sets out the values, principles of behavior and rules of conduct which Group executives and more generally all managers of the Group's business units and subsidiaries are responsible for applying and implementing. The Code forms part of the Corporate Social Responsibility program, the reinforcement of which led the Board of Directors to approve the adhesion to the United Nations Global Compact on November 25, 2008. Its application is one of the issues verified in the regular reviews carried out by the Internal Audit Department.

The Code of Ethics and Business Conduct has been translated into 16 languages and may be viewed on the Group's website (www.nexans.com) or on the Group or country intranets. It is given to each new employee when they join the Group.

Independent data verification

The accuracy and completeness of the social, environmental and societal data disclosed in this report in accordance with Article R. 225-105-2 of the French Commercial Code.

9.1 Environmental approach and data

The Industrial Management Department oversees the Group's industrial strategy, investment budgets, and the management of major industrial projects. In each of these areas, it ensures that the applicable laws and regulations and the Group's policies on conservation and environmental protection are respected.

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

(1) Corporate Social Responsibility.

The Group's main environmental objectives are as follows:

- respecting regulatory requirements;
- controlling energy and water consumption;
- preventing pollution risks by controlling the impacts of our businesses, products and services;
- reducing the volume of waste generated and improving waste recovery and recycling;
- rolling out the Group's internal Highly Protected Environment (HPE) certification program.

Environmental evaluation and certification

In line with the ISO 14001 standard (67% of the Group's sites are ISO 1400-certified), the environmental risk management system – which is overseen by the Group HSE[1] Department – is underpinned by close monitoring of all sites through an annual environmental assessment process coupled with an audit program under which the Group's sites are systematically audited by the HSE Department.

In 2013, the HSE Department audited 11 sites, of which 2 were awarded the Group's internal HPE certificate. The aim of these audits is to ensure that the Group's standards are being properly applied at each of the sites and, if appropriate, to award them the HPE certificate, for which a site is required to (i) systematically review all risks inherent in its operations and the risk prevention measures in place; (ii) recycle at least 50% of cooling water; (iii) control the quality of its effluents; (iv) ensure that it does not store any hazardous liquids without adequate safety precautions; (v) no longer hold any PCBs on site; and (vi) operate a waste sorting policy and an environmental crisis management plan.

At end-2013 most of the Group's sites had been awarded the HPE certificate and almost all of its production sites were at least either ISO-14001 or HPE-certified.

Providing training and information to employees on environmental protectiont

The Group Environmental Manual sets out the various types of training, information and awareness-raising measures available to employees based on their level of responsibility, as well as the environment-related skills and knowledge they are expected to have. It shows the departments and positions that could have a significant influence on the environment and for which specific training may therefore be required.

The regular audits performed by the Industrial Management Department also raise awareness about our environmental management strategy among production site teams.

In 2013 the Group continued to roll out its training program for production site managers, which comprises some 30 modules (12 days' training), including one dedicated to environmental management.

A total of 41 site managers – split into three new different training groups – followed this program during the year.

The Group also offers its employees training in other specific areas, such as REACh[2].

In addition, diverse and targeted communications campaigns are regularly carried out jointly by the Industrial Management Department and the Communications Department in order to update employees on the Group's environmental policy and rally support for the measures and initiatives adopted. Best environmental practices can be viewed by all employees on the Group's intranet.

Resources allocated to preventing environmental risks and pollution

<u>Crisis management:</u> All of the Group's sites draw up environmental crisis management plans. These plans are audited by the Group HSE Department and are backed by investments in protective equipment such as containment basins and valves to prevent external pollution, as well as emergency intervention kits (contaminant booms, mobile valves etc.). This protective equipment is regularly tested during dedicated verification exercises.

<u>Asbestos:</u> The Group's environmental policy provides for continuous monitoring of asbestos at its operational sites. 62% of the Group's sites have carried out asbestos surveys on their buildings and equipment. These surveys – which are updated annually for all manufacturing sites – provide a precise inventory of any materials still present in buildings or equipment that contain bonded asbestos (i.e., not likely to release fibers into the atmosphere). Where risk areas are identified, specific instructions are provided to anyone who may be required to work in those areas in order to ensure that all necessary protective measures are taken and respected.

The Group uses non asbestos-containing materials in its buildings (leased or owned) and in the equipment it uses worldwide (including in countries where asbestos is authorized).

Environmental expenditure and investments

In 2013, environmental-related expenditure amounted to 4.2 million euros (versus 4.8 million euros in 2012) and mainly concerned the following items: environmental taxes (e.g., water tax), maintenance (purchase of filters, for example), analyses and tests, royalties and licenses, and waste-related expenses. A total of 2.4 million euros worth of environment-related investments were approved for 2013. Other expenses may 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.

Provisions for environmental risks

See section 6.2.8, "Industrial and environmental risks".

(1) Health, Safety and Environment.
(2) EU Directive on the Registration, Evaluation, Authorization and Restriction of Chemicals.

9.1.1 Pollution and waste management

Environmental impact

One of the objectives of the Group's environmental policy is to gradually reduce the environmental impact of its operations. It has therefore analyzed the sources of pollution within its business activities, based on the key processes used and the overall risks they generate.

Continuous casting

These operations require large volumes of water and gas and cause air pollution. Smoke generated by the casting furnaces is processed and monitored based on the thresholds set in the applicable regulations. The Group's copper and aluminum continuous casting facilities also use stripping and passivation products (alcohol and acid). These hazardous products are stored and transported in accordance with both the applicable local regulations and Group standards.

Metallurgy

The main resources used by metallurgy operations (wire drawing) are electricity and water, which is used for emulsions and cooling. Emulsions used for wire drawing purposes are processed and filtered in order to extend their duration of use and are subsequently eliminated by specially authorized service providers.

Cable manufacturing

Extrusion cable manufacturing requires large quantities of water for cooling. Most of this water is recycled, ensuring that consumption remains low. Air emissions are processed by filter extractors specific to each facility and subject to the emissions thresholds established by each country. Solvent consumption primarily concerns marking inks, for which special processing is required by the Group, such as solvent storage cabinets and fume hoods used when cleaning ink jets and wheels.

Compound production

The production of compounds (such as PVC, rubber and HFFR[1] – which are used as raw materials for insulating cables – requires the use of certain products that are potential pollutants (peroxide, silane and plasticizing agents) and which require the 26 sites concerned to take particular precautions for their storage, transport and utilization in accordance with the relevant regulations in force in each country (e.g. ventilation of premises, storage with adequate containment facilities and the use of spill pallets for on-site transport).

Discharges into water

In order to mitigate the risk of an accidental spillage into water networks which could pollute surface water or public facilities, certain specific measures are taken by the Group's sites, including the installation of network valves that could stop the spread of a major spill or prevent discharge of water used to extinguish fires. A total of 37 sites have already been equipped with this type of valve.

Discharges into the soil

The Group's sites are subject to the risk of causing gradual or accidental pollution as they store hazardous products. In order to mitigate such risk, the Group is taking steps to prohibit certain practices, such as product storage without the use of containment tanks and the use of unprotected underground storage tanks.

In 2013, the Group's manufacturing companies continued to dismantle their underground storage tanks and closely monitor the containment systems used for pollutant liquids in both storage and operational areas. Each site has emergency intervention kits that can be used in the event of a spillage.

Concerning Persistent Organic Pollutants (POPs), a program to replace equipment containing PCBs has been put in place for the Group's manufacturing companies. By the end of 2013, almost all of the Group's sites no longer had any equipment containing PCBs.

The Group has set up a special committee to deal with the pollution risks related to its sites' environmental liabilities, as well as an environmental management procedure for its real estate assets, applied when sites are acquired or sold. The committee also ensures that it is consistently and pro-actively implemented across all of the Group's sites. Its aim is to enable the Group to identify and effectively control pollution risks and to mitigate their potential consequences.

Air emissions

The Group is not subject to European carbon emissions quotas but it measures its emissions of greenhouse gases (GHG) annually on a worldwide basis. It monitors emissions related to the use of fossil fuels and fugitive GHG emissions (scope 1), indirect emissions related to the purchase of electricity and steam (scope 2), and emissions arising from waste management (partial scope 3).

The main source of direct GHG emissions within the Group is energy consumption. Improving energy efficiency is therefore its priority in reducing the impact of the Group's operations on climate change.

The operations carried out by the Group's manufacturing companies do not usually generate emissions of atmospheric pollutants. Industrial pollutants caused by burning fossil fuels (SOx and NOx) are channeled and treated by filters where necessary, notably in casting operations.

Emissions of Volatile Organic Compounds (VOCs) are limited as the Group only uses a low amount of solvents (occasional use of inks). In general, the Group considers that its emissions of atmospheric pollutants do not represent significant amounts and has therefore not set up a Group-wide reporting process for them.

The Group is aware that SF6 is a potent greenhouse gas with an extremely long atmospheric lifetime and has joined other manufacturing groups in Switzerland to reduce its SF6 emissions.

(1) Halogen-Free Flame Retardant.

Waste management

Waste management has important environmental and financial implications for the Group and as a result we have put in place a waste-reduction policy with two main objectives:

- Reducing waste: production waste is monitored monthly by each individual site and the Group Industrial Management Department. In 2013, the proportion of production waste per tonne of cable produced was 4.9%.
- Increasing our waste recycling rate.

Sorting and recovery All of the sites have put in place a waste sorting program at source (for wood, cardboard, metals, etc.) and wherever possible production waste is re-used directly by the site as a secondary raw material (PVC purge, for example). Hazardous waste (which requires specific processing) is identified, sorted and then processed by specially authorized service providers in accordance with the applicable local rules and regulations.

Processing and recycling The Group is highly committed to recycling its manufacturing waste, notably through RECYCABLE, a company in which it owns a 36% interest.

In 2013, it sent 10,023 tonnes of cable waste from its manufacturing sites to RECYCABLE for recycling, and additional cable waste was sent to local recyclers.

By 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.

Noise and other types of pollution

Noise pollution

Noise pollution is also an area that the Group takes care to address. For example, it is one of the criteria taken into account when purchasing manufacturing equipment.

Machinery and equipment can also emit noise, including those used for transport and handling, and we take precautions to limit their noise impact through measures such as providing special training sessions and personal protective equipment for operators.

Sound levels are checked regularly and measured at site perimeters when applying for operating permits from the local authorities in the light of applicable regulations.

The few sites whose activities could give rise to noise pollution have adopted appropriate solutions such as reducing noise at source thanks to quieter equipment, covering machines with soundproof enclosures, installing noise barriers, and setting specific times for noise-generating activities.

If, despite all of these measures, any case of noise pollution were brought to the Group's attention, it would take all possible steps to reduce it through appropriate corrective measures.

Vibrations

The Group takes great care to ensure that the equipment used by its manufacturing companies does not generate vibrations that could be a source of disturbance for either its employees or local residents. However, should any of the manufacturing companies be informed of such a disturbance, it would take all possible steps to reduce the vibrations concerned through appropriate corrective measures.

Odors

Our operations do not give rise to any significant odor pollution as our manufacturing activities do not generally generate any odors. As far as the Company is aware, no complaints have been filed against the Group with respect to odor pollution.

9.1.2 Sustainable use of resources

Water consumption

A large amount of water is used for cooling operations in the cable manufacturing process. In order to limit the environmental impact of this water consumption, the Group has invested in closed-loop cooling systems. To date, out of the 75 sites that use water for cooling, 67 have a recycling rate of over 75%.

For information purposes, the total water consumed per tonne of cable produced in our cable manufacturing operations is 4.5 cu.m.

As water management forms part of our continuous improvement process, the sites with the highest water consumption are individually monitored and specific action plans have been put in place.

Utilization of raw materials

The Group's manufacturing companies are taking measures to increase the portion of recycled copper used in their cables. In 2013, 12,858 tonnes of copper obtained from recycled waste were used in the Group's continuous casting operations.

The Group has also taken the initiative to reduce the impact of packaging, notably for cable drums. In line with this, the majority of cable drum supplies for our European sites are PEFC certified, which guarantees that the wood is sourced from sustainably managed forests. In the same vein, we have set ourselves the objective of rolling out Group-wide our program for collecting and reusing drums. Already, over 260,000 drums used by our manufacturing companies have been collected and reused between 1 and 5 times.

Energy consumption and efficiency

Saving energy is a major focal point for the Group. The Group's strategy for reducing its energy consumption is made up of two action areas: enhancing energy efficiency at production sites and optimizing the transportation of products.

Various energy-saving investments have already been made. For example, in the Group's plants, air compressors have been replaced with state-of-the-art less energy-hungry equipment, and three-phase motors that run on less than 20 kW have been replaced by highly energy-efficient motors. Concerning our products we have invested in improving the power factor (i.e., reducing idle power) and enhancing electricity grids.

In order to enhance the structure of our energy efficiency program, audits have been performed on our 16 sites that use the most energy and which represent 50% of our total consumption in order to identify the most significant potential savings. Recommendations on 10 utilities management priorities have been relayed within the Group and will be gradually implemented, and detailed studies have been carried out on the manufacturing processes that use the most energy.

Land use

The Group's activities have very little impact on the soil as they do not involve any extraction operations and are located in dedicated industrial areas. For its underground and submarine cable laying operations, the Group strictly complies with the applicable regulatory requirements.

9.1.3 Climate change

The Group has not identified any significant impacts related to climate change.

9.1.4 Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. Nevertheless, a number of sites have put in place biodiversity conservation initiatives, such as tree planting programs organized by our sites at Bucaramanga in Colombia, Americana in Brazil and Karmoy in Norway.

9.1.5 Data compilation methodology

The Group's environmental data is tracked, analyzed and consolidated by the Group Industrial Management Department.

The information disclosed in section 9.1 above is based on environmental data collected annually, by entity, through an internal data collection system (EMP – Environmental Management Plan), as well as discussions with teams during site visits and internal audits.

Scope: The scope of consolidation for the data covers all of the Group's manufacturing sites (93 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant. Sites acquired in year N are included in the scope of environmental reporting in year N+1. It is for these reasons that data for the Tianjin, Yanggu and Gelnica sites has not been included in the scope of consolidation for 2013. Where information is provided on resource consumption per tonne of cable produced, the scope is limited to the Group's cable entities (excluding harnesses, accessories and metallurgy), corresponding to 58 sites.

Referential: The indicators referred to are based on the Group's standard definitions set out in the Group Environmental Manual.

Definitions of indicators used:

Energy consumption

Fuel oil consumption corresponds to purchases of fuel oil made during the year rather than actual consumption.

Raw materials

Use of solvents corresponds to purchases of solvents made during the year rather than actual consumption.

Waste production

Waste sent by one Nexans manufacturing site to another Nexans site – whether for recycling or not – is counted as waste.

Controls: Consistency controls are performed at the end of the data collection process, using prior-period comparisons, and any corrections are made following discussions with the entities concerned.

9.1.6 Environmental indicators

See Appendix 3 to this Management Report.

9.2 Human resources approach and data

9.2.1 Human resources strategy

The Group's Human Resources (HR) strategy is consistent with its business strategy and focuses on two main objectives:

- developing collaborators managerial performance; and
- partnering the Group's transformation.

In order to achieve these objectives the following actions were carried out in 2013:

- The Group's main HR processes (for recruitment, mobility, career management, compensation & benefits, and appraisals) were reviewed in order to reflect the Group's new strategic focus and to make them more standardized, straightforward and effective.
- The performance management process for managers was reworked and harmonized across the Group. It will now be gradually rolled out to cover all of Nexans' managers by the end of 2014.
- A management competency model – which forms an integral part of this process and draws on the Group's core values – was developed and will be put in place for all Group managers via their annual performance appraisal.

- A new Learning Management System was launched with a view to facilitating access to the training programs offered in Nexans University's catalog, increasing the use of e-learning, encouraging the development of networks and knowledge sharing, and consolidating the tracking of the implementation of individual career development plans.
- Nexans' HR function was reorganized in order to more effectively reflect the Group's actual organizational structure and enhance the level of services provided to operations. The Corporate HR Department – which acts as a center of expertise – was strengthened through the creation of specific HR Development posts dedicated to talent management for each of the Group's cross-functional business lines. HR Business Partner posts were also created for the Group's operational structures (on a regional or Market Line basis), to provide them with operational HR support.

This policy, which fully complies with local legal requirements, is intended to:

- improve organizational efficiency;
- enhance the efficiency of HR;
- boost our people's employability and offer them career opportunities;
- ensure that occupational health and safety remains an absolute priority.

9.2.2 International employee data

Cables and Harness businesses

North America

3,138 employees (12.1%)
- 29.4% women
- 31% managers, of whom 26% women
- 98.6% on permanent contracts

Average length of service: 7.6 years
Average age: 40.6
Workplace accident frequency rate: 4.9

Europe

14,679 employees (56.8%)
- 32.1% women
- 12.6% managers, of whom 26% women
- 91.6% on a permanent contract

Average length of service: 11.8 years
Average age: 41.7
Workplace accident frequency rate: 3.2

APAC

2,755 employees (10.7%)
- 17.5% women
- 19.4% managers, of whom 13% women
- 64.2% on permanent contracts

Average length of service: 10.3 years
Average age: 39
Workplace accident frequency rate: 0.9

South America

2,136 employees (8.3%)
- 9.1% women
- 10.6% managers, of whom 26.6% women
- 95.4% on permanent contracts

Average length of service: 9 years
Average age: 38.6
Workplace accident frequency rate: 6.8

MERA

3,135 employees (12.1%)
- 30.3% women
- 13.2% managers, of whom 25% women
- 68.9% on permanent contracts

Average length of service: 8.2 years
Average age: 36.3
Workplace accident frequency rate: 8

Total – Nexans

25,843 employees
- 28.1% women
- 14.5% managers, of whom 24% women
- 87.1% on permanent contracts
- 97.8% on full-time contracts

Average length of service: 10.4 years
Average age: 40.3
4.2% temporary workers
364,171 hours of training
29% of time dedicated to safety training
Workplace accident frequency rate: 4.12, down 21% (Cables business)

Definition of the workplace accident frequency rate: see appendix 3

At December 31, 2013 the Group employed 25,843 people worldwide. The breakdown of this global headcount by geographic area and level of responsibility illustrates the fundamental characteristics that shape the Group's HR policy:

- its international scope: 86.4% of the Group's employees work outside France;
- a substantial proportion of headcount (14.5%) made up of engineers, specialist technicians and managers;
- the proportion of women within the Group (28.1%); and
- a high proportion of employees on permanent contracts (87.1%) and in full-time employment (97.8%).

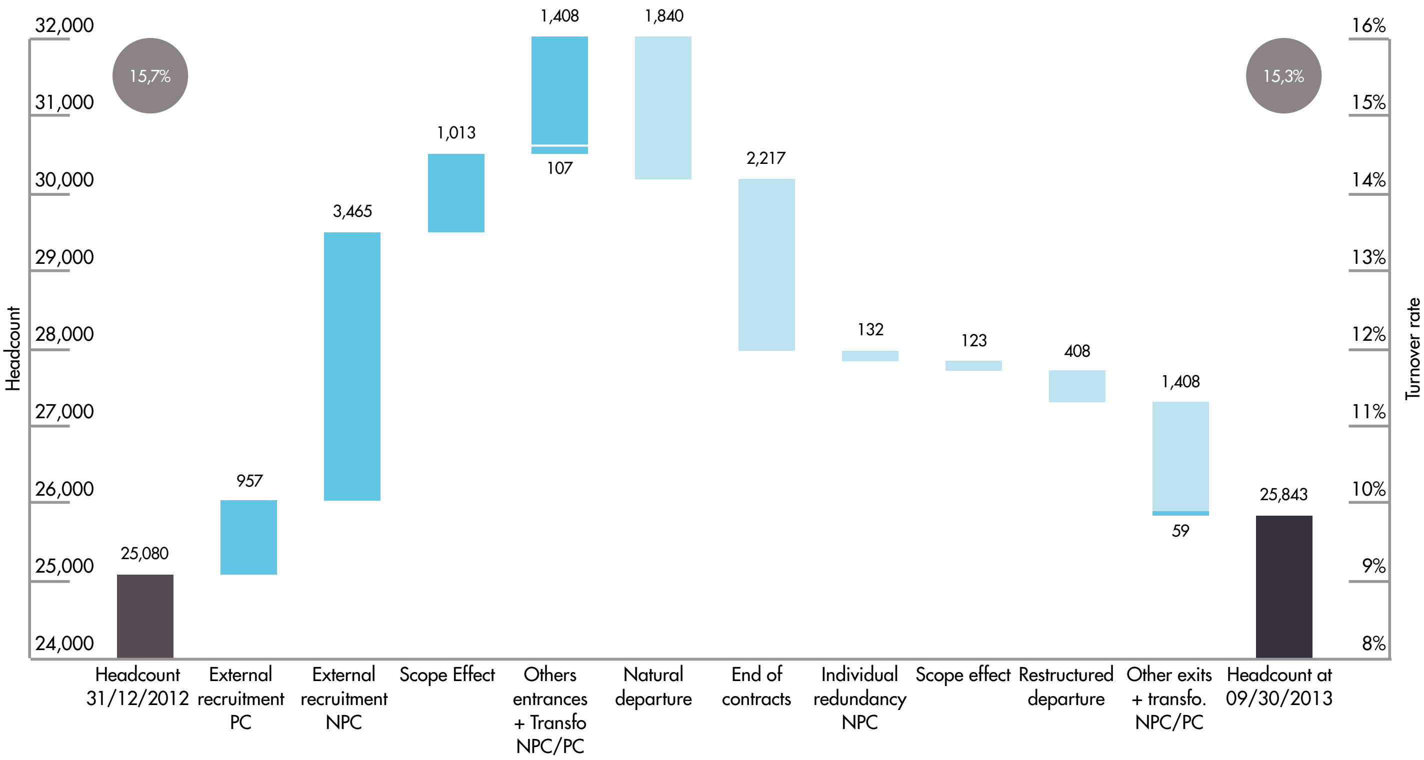
Movements during the year

The information disclosed in this report in relation to the Group's total headcount and the breakdown of headcount by geographic area covers all employees present within the Group at December 31, 2013.

Total headcount rose by 3% in 2013 to 25,843 from 25,080 in 2012. This year-on-year increase was due to the acquisition of the Yanggu plant in China (1,031 employees at end-December 2013) and the steady growth in recent years of the harness business in Mexico and Tunisia.

The number of employees on permanent contracts accounts for 87.1% of the Group's headcount. The breakdown between permanent and fixed-term contracts for new hires during the year was mixed across the Group, however, as a result of the specific characteristics of each business. For example, in the Cables business, Nexans hired as many employees on permanent contracts as on fixed-term contracts, whereas in the Harness business, fixed-term recruitments represented almost 97% of total hires in 2013 owing to this business's seasonal nature. Although the proportion of employees hired on fixed-term contracts was fairly high, over the year 1,408 fixed-term contracts were converted into permanent contracts (with 83% of conversions occurring in the Harness business).

Fixed-term contracts are used to give the Group the flexibility it needs to deal with changes in production workloads. In the Cables business, China (64.4%) and Germany (10.8%) accounted for the largest proportion of fixed-term contracts in 2013.



The number of departures in 2013 (excluding conversions of fixed-term to permanent contracts) totaled 4,779, which was less than the number of arrivals (5,542). The net 763 increase in total Group headcount reflects rises for both the Cables and Harness businesses and was mainly due to the integration of Yanggu (1,032 employees at December 31, 2013).

The main reason for employee departures during the year was the expiration of fixed-term contracts (accounting for 2,217 or 46.4% of the total), followed by resignations (1,630 or 34%).

The staff turnover rate[1] for the Group as a whole was 15.3% in 2013 compared with 15.5% in 2012.

As part of a retention plan, Nexans' businesses in Australia and South Korea have set up projects enabling employees to take on short-term international assignments with a view to developing their multi-cultural skills. These measures are particularly attractive to young employees seeking to develop their career internationally, who cite this factor as critical in a decision to stay with the Group.

In Chile, following the findings of a social climate survey carried out in 2010 and 2011, a number of improvement areas were identified for encouraging employee retention, including the working environment, remuneration and career development. Working groups were then set up for managers, focusing on skills development and enhancing internal communications.

(1) 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.

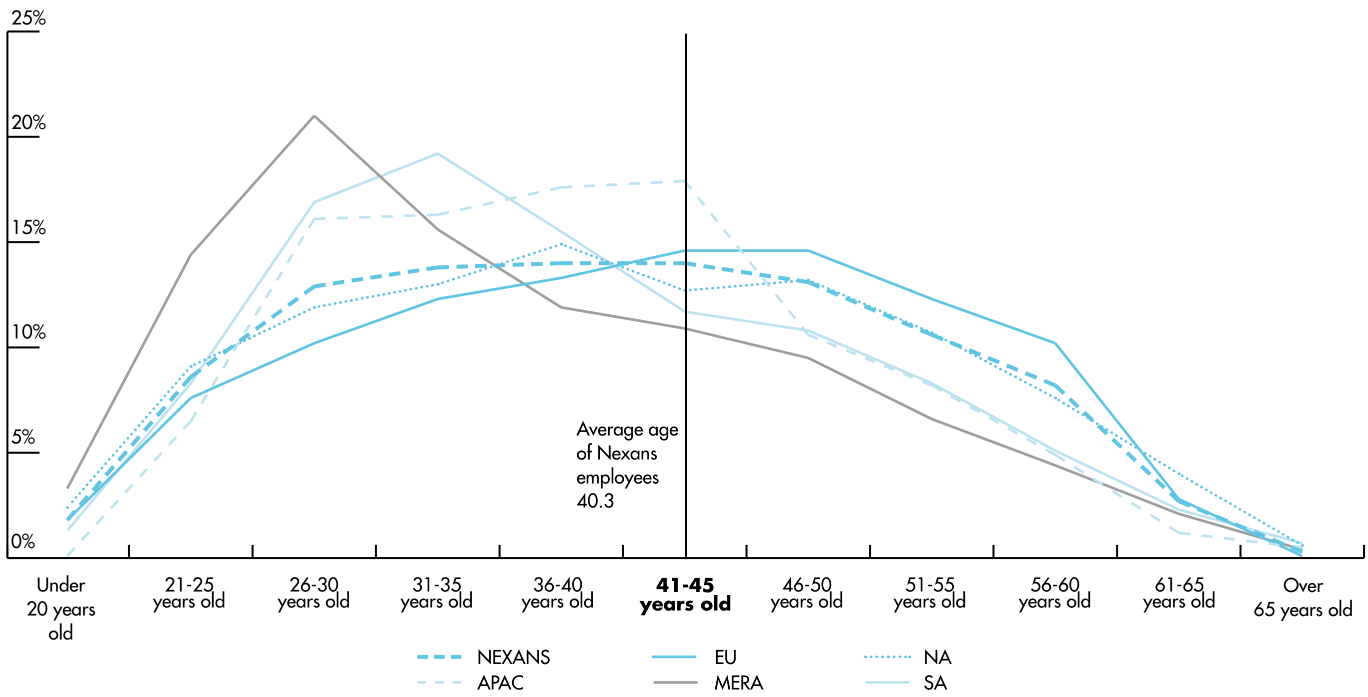
Employees

• Breakdown by socio-economic category

14.5% of the Group's headcount is made up of managers, of which 24.2% are women. The proportion of female managers within the Group is fairly homogeneous, apart from in the Asia-Pacific area where it is 13.1%.

• Breakdown by age and length of service

Q4 2013



In 2013 the average age of employees was 40.3, with the breakdown of employees by age bracket reflecting the structure of each market. Europe and North America – which have been the most affected by high percentages of older employees in their age pyramids – have a lower staff turnover than other geographic areas.

In the Cables business, employees aged over 50 accounted for 32.4% of the total headcount in Europe and 37.7% in North America, and only 15% in the Asia-Pacific region and 16.4% in South America.

In 2013, 61.2% of the Group's new hires were under 30, with the proportion fairly homogeneous across the Group's geographic areas (except North America, at 46.9%).

Average length of service for the Group's employees was 10.4 years, unchanged from 2012.

In France, discussions with labor representatives since 2010 concerning the employment of seniors led to the signature in 2013 of a company-level agreement on cross-generational contracts. The aim of this agreement is to define action to promote the employment of young people on permanent contracts and encourage the hiring and retention of seniors in order to ensure that skills and competencies are passed on to the next generation. It meets the objectives of the agreements on employment and career planning (2008), psycho-social risks (2011), and gender equality (2012). The first stage involves an assessment of the employment situation of young employees and seniors, and the commitments made will then be timetabled and tracked with a set of specific indicators.

• Working schedules

The working hours of the Group's employees are structured according to the local statutory and contractual frameworks, which can vary from one country to another. Whenever the total number of an employee's working hours is less than the standard number applicable within the entity concerned, the position is considered to be part time.

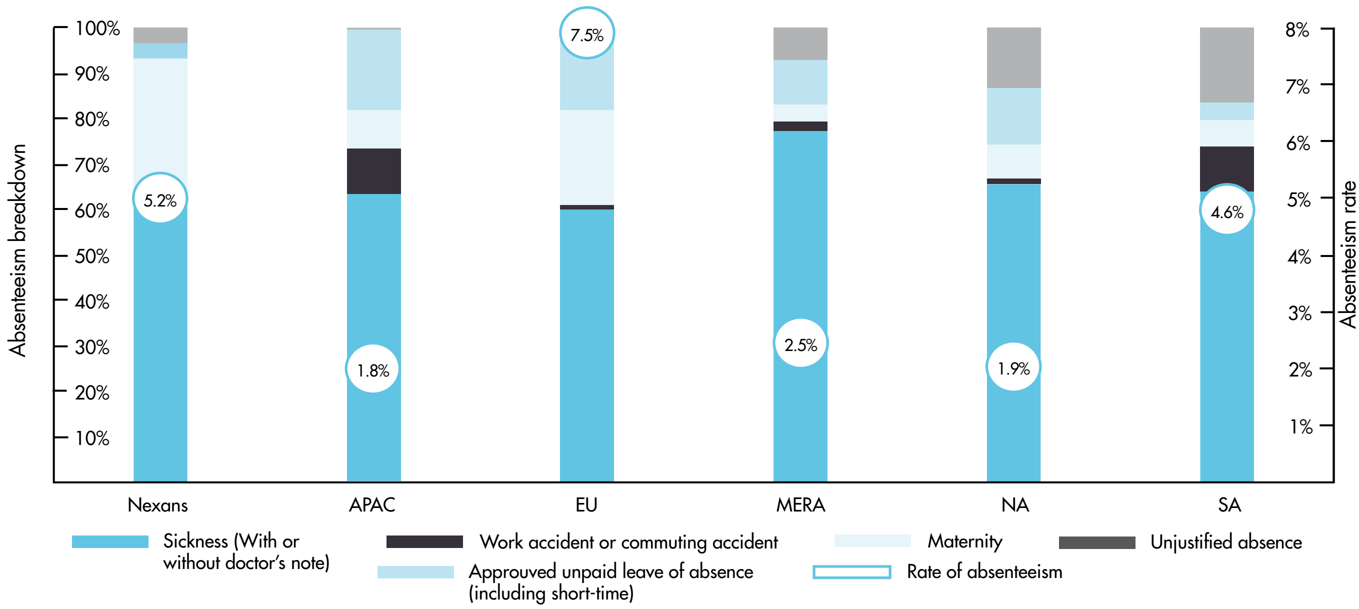
Part-time employees accounted for 2.16% of total Group headcount in 2013. A total of 91.6% of the Group's part-time workers are based in Europe, with Benelux representing 28.8%, Germany 21.6% and France 13.4%.

In Germany, Nexans has put in place a phased early retirement program, which allows employees to opt to work part-time until they reach statutory retirement age so that knowledge transfer can be optimized. This means that experienced specialists can move towards consultancy, enabling them to train their successors as well as apprentices, therefore ensuring that the Group's qualified workforce is renewed.

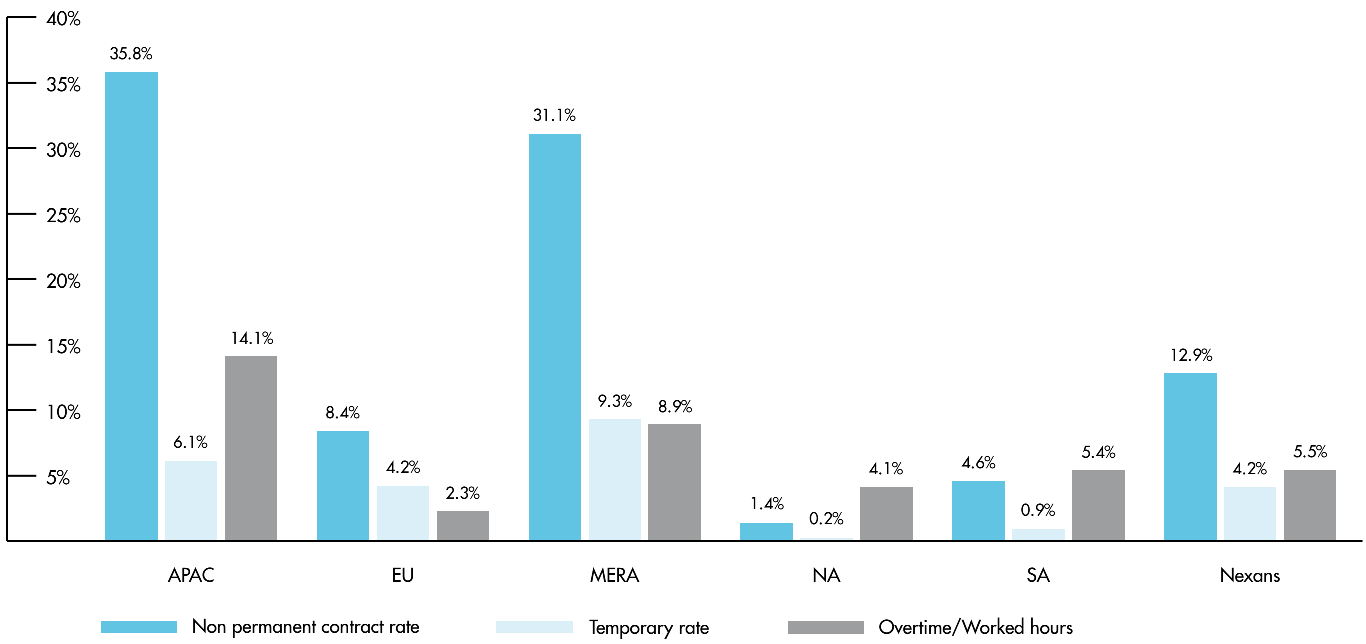
Monitoring absenteeism is a key element of human resources management. It is conducted at all levels of the Group and helps to guarantee that the overall organization runs smoothly. In 2013, the Group's absenteeism rate remained stable overall at 5.2%, with a rate of 4.1% for Cables (down 12.2% on 2012) and 8.1% for the Harness business (up 16.9% on 2012).

Illness is the primary cause of absence within the Group. The other causes differ depending on the geographic area concerned. For example, unauthorized absences due to lateness were the second cause of absence in South America in 2013 whereas in Europe, maternity leave was practically the only reason for absence other than illness.

Rate of absenteeism 2013 (Nexans)



The Group has put in place local measures to reduce the impact of absenteeism on its business. By working with management on the causes of absenteeism, appropriate solutions can be found for replacing employees (e.g. fixed-term or temporary contracts or overtime).



In 2013, employees on fixed-term contracts accounted for 12.9% of the Group's headcount (44.7% for the Cables business and 55.3% for the Harness business). In the Cables business, temporary workers represented 5.8% of the average number of permanent employees during the year (versus 6.9% in 2012).

For the Cables business and for the Harness business, overtime was also used in 2013, accounting for 5.5% of total worked hours compared with 5.4% in 2012.

9.2.3 Skills management and employment policy

Managing and building skills

The main aim of our skills building process is to develop our people and our organizational structures so that they can continuously adapt to changes in our business environment and deliver the performances expected of them.

- Managerial skills

In 2013 the Group drew up a new Leadership model that breaks down the Group's six core values into the attitudes and behaviors expected of all managers. An assessment of managerial skills will be incorporated into the annual performance appraisal, which demonstrates Nexans' commitment to steering a change of culture within the Group.

This overall approach forms part of the Group's business transformation plan and will help ensure that all managers adopt the correct attitudes and behaviors. The new leadership model will be integrated into managers' performance appraisals as from 2014.

- Functional skills

Since 2007, the Group has built up competency models that align its strategic objectives with its organizational structures and the professional development of each of its employees in order to:

- build up the professional skills of employees in each of the Group's businesses;
- guarantee that we have the skills and competencies required both for today and the future;
- draw up individual career plans for all employees and give them the tools to steer their own careers.

These models are used in numerous HR processes, such as analyzing training requirements, developing the Nexans University programs, drawing up recruitment profiles and mapping out career paths.

Career management

The Group continually seeks to identify and develop talent within the organization. The career plans put in place are based on career management rules that guarantee balanced evaluations which apply across the Group. These rules – which draw on Group-wide processes and tools – are designed to:

- give priority to internal candidates wherever possible;
- encourage cross-business or project-based career development;
- promote international mobility.

International mobility is an important means of retaining key talent and is being offered to an increasing number of employees from all countries. It is also a way of transferring expertise and experience and relaying the Group's corporate values throughout the world.

At end-2013, 78 employees were on international mobility assignments, all of whom are covered by a formal policy which ensures equal treatment for everyone.

A few key indicators at end-December 2013:

- 70% of the expatriate population have been with the Group for over 5 years;
- women represent 15% of the Group's expatriates;
- Finance employees represent the highest proportion of expatriates (25% of all international assignments);
- 90% of employees on international mobility assignments are from the Group's European sites;
- the MERA, Asia-Pacific and Europe Areas are the main host regions for expatriates.

Training policy

Training is primordial for the Group's growth. Each year, Nexans invests in training at both local and Group level to be well prepared for market changes in the short, medium and long term. Training is offered to all employees and is the main driver for building their skill sets.

The training provided by the Group can form part of individual training plans or can be the result of specific plans drawn up based on requirements expressed for particular projects (e.g., strategic plans and industrial, corporate or commercial programs).

The Group's training policy has three main aims:

- professionalizing the educational expertise within the Group;
- encouraging a culture of training and skills development within our core businesses and support functions;
- offering effective training for the allocated budget.

Management: 9%
Languages: 12%
Quality: 4%
Technical Skills: 25%
Personnal Development: 6%
Computer Training: 3%
Health and Safety: 29%
Others: 12%

In 2013, the total number of hours devoted to training (in the workplace or outside the company) amounted to 364,214, of which the Cables business accounted for 91.5%. A total of 13,149 employees (50% of the Group's average headcount in 2013) followed one or more training courses during the year, representing 27.7 hours' training per employee per year. Managers represented 17% of the total training numbers.

As in 2012, the theme-based breakdown of training time in the pie chart for 2013 highlights the predominance of courses concerning workplace health and safety. In 2013 the Group also continued to step up its training courses on competency models and leadership programs.

In line with Nexans' objective of relaying its values across the Group, the Chinese business set up a program to encourage its employees to buy into those values. It involved presentations, videos and discussion groups which allowed participants to debate the subject. Over 250 employees have already taken part and drawn up lists of practical measures and initiatives that could be taken to implement the Group's values. At the end of their training, each participant prepares an action plan for the next year.

Nexans University

The role of Nexans University is to help the Group partner its people during business transformation programs, promote knowledge management and help disseminate best practices.

It also helps optimize the cost and quality of training and of maintaining a high level of educational expertise throughout the Group. In 2013 the University's efforts were recognized and rewarded when it received the Bronze Award from the Global Council of Corporate Universities in the category of "Best Innovative Corporate University".

Nexans University helps the Group Academies design training programs in all areas and for all levels, including skills-based training for operators in the Group's core businesses (extrusion, metallurgy etc.), as well as training in technical, support services and managerial domains. The assistance provided by Nexans University mainly concerns course design techniques, training internal trainers and selecting external trainers, as well as cascading training to a large number of employees in order to disseminate knowledge rapidly.

In order to enhance the assistance it gives to the Academies for managing their skills-building efforts across the Group, in 2013 Nexans University acquired a Learning Management System (LMS). In addition to providing technical and administrative support, this system helps the Group's training programs to cover a larger number of employees by facilitating the set-up of e-learning modules and developing access to distance learning, and will also be a valuable tool for the training programs put in place in connection with the Group's transformation. Thanks to the LMS, in 2013 alone over 1,500 employees followed an e-learning course.

Compensation policy

The main underlying goals of the Group's compensation policy are to strengthen employees' commitment, reward skills acquisition and encourage individual and team performance.

At the same time it aims to ensure that the Group's entities offer fair and competitive compensation packages by providing for regular and systematic use of compensation surveys and for salary increase budgets to be set in line with local market trends in each country concerned.

For the Group's managers, the compensation policy is underpinned by a job classification system (Nexans Grading System), which began to be rolled out in 2011.

Individual salary rises are granted based on the relevant budgets and each employee's pay positioning by reference to both the market and in-house practices. They also take 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.

The Group's long-term compensation strategy was amended in 2013 to align it with Nexans' three-year strategic objectives, and is now based on the following:

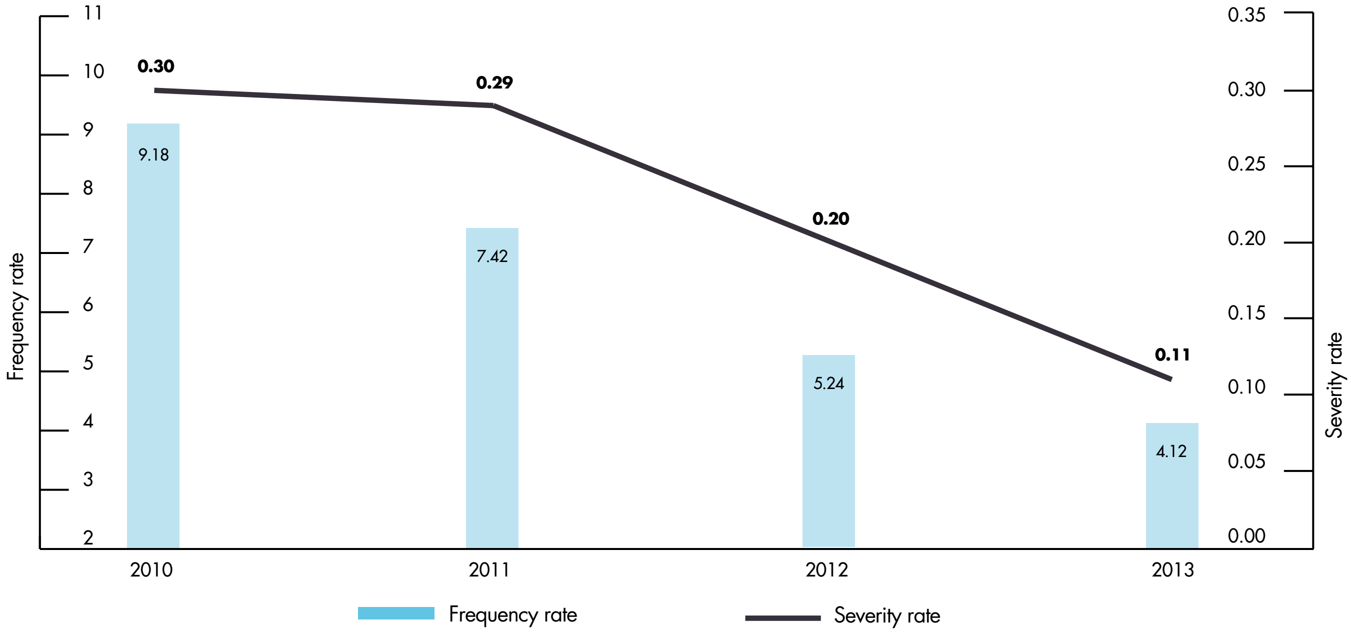
- For senior managers – a mix of performance shares and long-term bonuses, the vesting and payment of which are contingent on the Group's share performance and financial performance as assessed at end-2015.
- For high-potential managers, or managers who have made an exceptional contribution, free shares granted with the aim of giving them a stake in the Group's future and providing them with a differentiated form of compensation.

9.2.4 Workplace health and safety

Employee health and safety is an absolute priority for the Group, both in relation to its own employees and those of all its partners (subcontractors, temporary staff, customers, etc). Consequently, workplace health and safety is a key performance indicator.

With a view to encouraging risk prevention, in 2008 the Group set up a dedicated Health and Safety unit reporting to the Industrial Management Department which relays standards and implements related initiatives across the Group.

2013 work accident frequency rate



In 2013, the Group's ongoing efforts in all of its geographic areas enabled it to achieve a work accident frequency rate of 4.12 at the year end, representing a reduction of close to 21% compared with 2012 and a sharp 29% decrease in the number of accidents involving lost workdays. A total of 29 sites did not record any occupational accidents involving lost working time in excess of 24 hours.

The Group's work accident severity rate in 2013

The number of lost workdays due to occupational accidents stood at 5,569 in 2013.

The Group's severity rate was 0.11. The year-on-year decrease on the 0.2 severity rate for 2012 testifies to the Group's vigilance towards workplace health and safety.

A broad-based approach

During 2013, the Group's measures in this area were underpinned by the following programs and initiatives, in line with its health and safety roadmap:

- Safety Standards: In view of the main risks inherent in its business, the Group has defined a set of basic rules to guarantee its employees' safety. In 2013, 12 safety standards were approved and a campaign was launched to assess compliance at the Group's manufacturing facilities and put in place improvement plans. This campaign identified 13 other standards for implementation, which are currently being drafted and will enhance the health and safety program in the coming years.
- The Basic Safety Tools used by production teams with the support of the HSE and Continuous Improvement teams (as part of the Nexans Excellence Way program):
  - Job Safety Analysis: A tool based on the active participation of production teams under the supervision of their production managers which is used to analyze tasks performed, identify the risks to which operators are exposed, and determine corrective measures. It is now a standard tool within the Group and specific training is available on its utilization.
  - Safe Unsafe Act (SUFA): A method that involves the observation of working behavior to identify any situations or acts that could lead to risks for operators.

- **Safety Proactivity:** A tool used for monitoring, compiling and analyzing on-site alerts which forms part of the Nexans Excellence Way manufacturing performance program. It measures Safety Proactivity at Group level, i.e., how the Group is progressing in resolving routine safety issues and its ability to significantly reduce situations that present the potential for an incident, accident or near-accident.

- In 2012 the Group set up its own safety and quality Alert Management System (AMS) with a view to achieving two main objectives: first, to put in place a shared base for safety and quality incidents which can be accessed by all of the Group's operating units, and second, to generate a real-time data flow in order to speed up overall responsiveness and optimize the time taken to deal with problems and share standard solutions for avoiding recurring incident factors.

- Boost Plan: This is a specific action plan that is put in place at sites that encounter the most safety problems. Each plant concerned receives specific support from the Group's HSE team in order to help them with their improvement measures.

Employee health and safety – a primary concern for the Group

In addition to its standard tools, the Group implemented a large number of local health and safety measures in 2013:

- In Brazil, a specialist was appointed to carry out an in-depth analysis of health in the workplace, with the aim of drawing up a long-term action plan in 2014 for the prevention of occupational illnesses.

- In France, "PRAP" training courses (Prevention of Risks related to Physical Activity) were set up to improve working conditions by focusing on movement and posture.
  The Group also continued to deploy the measures set out in the three-year agreement on preventing psycho-social risks that was signed in 2012. Nexans France set up a Human Impact Assessment (HIA) to identify how the reorganization project presented in late 2013 may impact working conditions, so that the company can assist them along the change process. The HIA is a voluntary process, with employees asking to take part and then being offered an individual, anonymous and confidential meeting. The anonymous results of these meetings are then passed on to Management and the members of the Health, Safety and Working Conditions Committee who draw up a change management plan.

- In Korea a "comprehensive medical examination" program was set up, based on both vigilance (with a second, more in-depth medical examination offered to employees if their first examination raises a particular issue about their health), and prevention (referral to an external specialist to improve working conditions at the plant).

- In North America, the safety team for all plants launched a specific "handling" program aimed at progressively improving workstations and reducing their impact on employees' health.

9.2.5 Social dialogue during the business transformation process

Proactive social dialogue

Labor relations at Nexans are rooted in freedom of expression, mutual respect and open discussion, demonstrating the Group's ongoing commitment to building high-quality social dialogue and creating the right conditions for lasting, constructive working relations with all employees and their representatives.

This commitment is relayed on a daily basis by local management with the employment representative bodies at Nexans' various entities, as well as at Group level through the European Works Council (NEWCO).

In 2013, the Group's subsidiaries entered into more than 50 agreements with employee representative bodies, in 15 countries. The main agreements signed concerned the following topics:

- compensation and benefits (salaries, bonuses, profit sharing etc.);
- organizational issues (skills and performance, job classifications, restructuring etc); and
- working conditions (working time, training, paid leave, health and safety, psycho-social risks, strenuous working conditions, non-discrimination, gender balance etc.).

The Group's employee representative bodies

- **Nexans European Works Council (NEWCO)**

Set up on July 16, 2003, NEWCO is dedicated to sharing information, exchanging views and opinions, and discussing labor issues at European level.

It serves as a veritable cross-border body, with a role that is separate from but complementary to that of the national employee representative bodies and it has its own specific prerogatives. NEWCO's members were renewed in early 2013 and it was extended to include the Czech Republic, Romania and Slovakia.

Ordinary plenary meetings are held twice a year and it is informed and – if necessary consulted – on cross-border issues that have an impact on Group employees. NEWCO has a bureau of four members (elected by their peers) which meets at least twice a year to prepare and review issues to be raised at the two annual plenary meetings, as well as to discuss and share information with Group Management.

In 2013, NEWCO's ordinary plenary meetings took place on April,18 and November 20. The main information provided to its members at these meetings concerned the Group's economic and financial situation, a number of HR indicators, the Group's business activity, and its prospects and strategy going forward.

In late 2013 an information and consultation procedure was carried out with NEWCO on the project to reorganize Nexans' activities in Europe that was announced on October 15, 2013, in line with the national consultative procedures required in each of the five European countries affected by the reorganization plan.

• Nexans France Works Council

Set up in April 2002, Nexans France Works Council is an employee representative body governed by French law that holds plenary meetings twice a year. Its members – who were last renewed in 2010 – are informed of the Group's strategic objectives, economic and financial situation, and the human resource management measures taken in France. Each plenary meeting is preceded by a preparatory meeting attended by the Council's members which takes place the day before the plenary meeting.

In 2013, this Works Council's plenary meetings took place on April 30 and November 28.

9.2.6 Diversity

The Group places great importance on eliminating all forms of discrimination in terms of employment and professional activities and pays special attention to gender equality, the employment of seniors, young people and people with disabilities, as well as access to training.

The Group has made it a priority to respect the equality of men and women working in similar jobs with similar qualifications. Not also does this principle form part of the Group's overall Human Resources policy, it is also enshrined in the Nexans Code of Ethics and Business Conduct.

The Group's subsidiaries respect the applicable local legislation on the employment of people with disabilities and the Nexans Code of Ethics and Business Conduct specifically prohibits all forms of discrimination based on health or disability.

9.2.7 Data compilation methodology

The Group's human resources data is tracked, analyzed and consolidated by the Group Human Resources Department as follows:

- Quantitative human resources data is compiled in each country or entity on a quarterly basis using an internal data system and is then accessed using a business intelligence system.
  The data compilation process is subject to internal consistency checks. Data on health and safety are analyzed jointly with the Industrial Management Department. Headcount data are reconciled with the figures reported in the Finance Department's system and discussions may take place between head office and the entities concerned in relation to other data. If any differences or inconsistencies are identified during these analyses then the data can be adjusted, although post-entry data correction is only performed on an exceptional basis.
- Qualitative human resources data is compiled both quarterly – via the internal system – and annually, with a questionnaire sent to each of the Group's countries. Discussions may take place on the information provided in this questionnaire to obtain further details and to fine-tune snapshot analyses of the Group's HR situation.

The scope of consolidation for human resources data is the same as that used for the Group's consolidated financial statements. In 2013, the Yanggu plant in China was incorporated in the HR reporting process, while the Nanning plant in China, the Alsafil plant in France and the Vietnamese plant were removed.

The Group's reporting process is based on a pre-defined timeline that is reiterated in the guide listing the definitions of the Group's HR indicators which is sent at the beginning of each year to all contributors to the Group's HR reporting process.

Definitions of HR indicators:

- Headcount: This indicator includes employees who have an employment contract with the Group (permanent or fixed-term contracts, people on work placements, and employees whose employment contracts have been suspended).
- Absenteeism rate: This indicator is based on the ratio of the number of hours' absence compared to the theoretical number of hours worked. The number of hours' absence includes absences for illness, work accidents or commuting accidents, maternity leave, and strikes and other unauthorized absences. It does not include absences that are longer than six months. The hours used to calculate the indicator are the theoretical contractual hours that should be worked.
- Workplace health and safety: Workplace accident frequency and severity rates are based on the actual number of hours worked, the number of workplace accidents with more than 24 hours of lost time, and the number of calendar days lost due to workplace accidents.
- Training hours: The number of training hours includes hours of training delivered both at or outside Nexans sites. It does not include training followed outside working hours.

A number of calculation formulae are provided below the table on HR indicators provided in Appendix 3.

9.2.8 Human resources indicators

See Appendix 3 to this Management Report.

9.3 Societal approach and data

The undertakings given by the Group and formally documented in its Code of Ethics and Business Conduct are a clear demonstration of its intention to be a responsible corporate citizen.

9.3.1 Regional, economic and social impact of the Group's businesses

The Group's interaction on a regional level is based on fostering close links with local organizations and communities. Through the nature of its business, the Group contributes to local employment and therefore plays a role in regional development.

It places great importance on building up close ties with local and regional communities, economic and social players, universities, schools and training centers with a view to capitalizing on its strong local presence.

The Group also contributes to community projects.

Its subsidiaries' sites seek to forge high-quality relationships with their neighboring communities and to limit the environmental impact of their operations.

9.3.2 Relations with stakeholders

Thanks to the partnerships it has built with numerous organizations, the Group can share best practices with other companies and keep ahead of changes in regulations and standards.

The Group also has a policy of encouraging frequent high-quality dialogue with its stakeholders, particularly the financial community, socially responsible investment funds, rating agencies and extra-financial analysts. This policy is underpinned by a rigorous and proactive ethical and CSR approach.

Lastly, the Group regularly coordinates with NGOs such as Electricians without Borders (Electriciens Sans Frontières), notably concerning issues related to access to energy for disadvantaged populations (see "Partnerships and Corporate Sponsorship" below).

The framework for stakeholder dialogue

The Group seeks to promote corporate social and societal responsibility in its areas of influence. Its underlying approach is directly related to the sustainable development challenges faced by its businesses on both a global and local scale.

Examples of dialogue with stakeholders:

Stakeholder	Type of dialogue	Department
Customers	• Regular satisfaction surveys • Online publication of environmental data on products • Trade fairs and exhibitions • Customer events	Market lines, Marketing, Technical, Communications
Shareholders and investors	• Quarterly conference calls to present results • Meetings with investors (roadshows etc.) • Meetings with all shareholders (AGMs etc). • Regular meetings with private shareholders • Information meetings • Annual report • Quarterly shareholder newsletters • Shareholders' e-club and toll-free shareholder hotline	Finance, Communications, Legal, Site Management
Suppliers	• CSR Charter[1] • Supplier CSR risk mapping	Purchasing

(1) CSR: Corporate Social Responsibility.

Stakeholder	Type of dialogue	Department
Employees	• Intranet • *NewsWire*, internal newsletter • Surveys • Corporate values • Individual skills development meetings • Social dialogue with employee representative bodies	Human Resources, Communications, Site Management
ESG(1) analysts and investors	• Response to rating questionnaires • Individual meetings	CSR, Finance
Research centers	• Collaborative approach, setting up and participating in competitiveness clusters, R&D programs, university chairs and trade associations. • Partnerships with universities • Taking on apprentices and interns	Technical
Communities, NGOs	• Corporate citizenship programs • Partnerships with local NGOs • Open days	CSR, Communications, Countries

(1) Environment, Social and Governance.

Partnerships and corporate sponsorship

In most countries in which it is present, the Group contributes both financial and human resources to supporting associations, aid programs, voluntary work, and partnerships with schools.

Many of the Group's entities go one step further than simply applying Group policies and local legislation, by making specific commitments with respect to education and their social environment.

The following are just a few examples of the initiatives supported in 2013:

- Local economic and industrial development projects organized through employer federations, chambers of commerce and industry and cooperatives (for example in Sweden, the Group is an active participant in a project concerning manpower and infrastructure issues).
- Well-being programs in France, Germany, Sweden, Japan, New Zealand, Lebanon, Russia, North America and Chile for both employees and their families (addiction counseling, massage, dietary advice, vaccinations etc).
- Higher education: in Germany the Group helps students and young engineers build up their knowledge and interest in local plants; in Lebanon it has participated in the construction of a university and has decided to finance four-year electromechanical training courses for employees; in Switzerland it awards a prize to a student selected by a university jury; and in Greece, Norway, France, Russia and Chile it works with schools by providing pupils with training and internships.
- Children's programs and education: the Group supports children's programs in Peru, Australia, China and Sweden.

Creation of the Nexans Foundation

Nexans' ongoing international growth has naturally led the Group to create a more global framework for practicing its corporate values through support for community projects and charitable causes. The creation of the Nexans Foundation in early 2013 was a natural expression of this commitment, enabling us to coordinate the many actions and initiatives taken by our employees in the areas and countries where the Group operates and give them a single overriding objective – promoting access to energy for disadvantaged communities worldwide – a philanthropic pledge to meet a major challenge.

Access to energy is a critical concern in today's world

Over 1.3 billion people currently have no access to energy and at least 2.7 billion do not have clean cooking facilities. More than 95% of these people live in Sub-Saharan Africa or in developing Asia. An estimated 1 billion people will not have access to energy by 2030, and access to clean cooking facilities will have seen no improvement.

(1) www.iea.org.

Through its Foundation, Nexans has decided to make a real commitment to help bring electricity to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions.

Following the launch of its first call for projects in April 2013, the Foundation's Selection Committee and Board of Directors decided to sponsor 12 projects for villages, schools and training centers in Togo, Burkina Faso, Mali, Morocco, Laos, Madagascar and Cameroon. The Foundation will also support a project aimed at combating energy insecurity in the Isère region of eastern France.

In addition, following Typhoon Haiyan in the Philippines, the Nexans Foundation's Board of Directors decided to allocate a special grant to the NGO Electricians without Borders (Electriciens sans Frontières) for the construction of a village that can house up to 2,000 people.

Giving a new dimension to the sponsorship of the Palace of Versailles

The Group intends to pursue its partnership with the Palace of Versailles through the Nexans Foundation. This demonstrates Nexans' long-standing commitment to this partnership which has been built up over the years in order to keep alive the creativity and artistic excellence that have characterized the Palace of Versailles for centuries.

9.3.3 Subcontracting and suppliers

One of the objectives of the Group's Purchasing policy is to ensure that we work with a base of high-performing and reliable suppliers who can help us achieve our business objectives while at the same time respecting export control requirements and environmental, financial, ethical and social obligations, as well as national and international compliance rules.

The Group carefully monitors that human rights and its rules on ethics are respected at every stage of the supply chain, by asking "Class A" suppliers (representing 80% of total purchases) and new suppliers to sign its CSR Charter. A total of 65% of the Group's Class A suppliers have already agreed to sign the Charter. A CSR risk map has also been drawn up, which identifies the Group's few suppliers whose awareness needs to be more acutely raised about sustainable development issues and respecting CSR principles.

The Group's subsidiaries strive to develop fair and sustainable relations with their subcontractors and suppliers while taking into account the social and environmental impacts of their activities.

9.3.4 Fair practices

Preventing corruption is a key focus of the Group's Code of Ethics and Business Conduct signed by the Company's Chairman and CEO. The Code clearly prohibits employees from directly or indirectly making any payment or gift, or officially or secretly granting any other advantage in order to influence any public or private person or entity.

A specific procedure has also been put in place within the Group's subsidiaries that provides a framework for selecting and handling relations with agents, consultants and international distributors. The procedure is applicable worldwide and sets out a certain number of checks that have to be carried out prior to selecting an intermediary.

For several years now, the training programs given on the governance of subsidiaries have included presentations designed to raise managers' awareness about anti-corruption measures. Since 2010, this presentation has been given to management teams in countries in several different continents (Europe and the Middle East, Africa, Asia and South America).

In addition, the Group's Internal Audit Department regularly carries out compliance verification and integrity assignments to check that the procedures put in place by the Group are being respected.

9.3.5 Measures taken to protect consumers' health and safety

Protecting consumers' health and safety is an absolute priority for the Group. Before its products are launched on the market they undergo rigorous health and environmental tests to ensure that they comply with all of the safety rules in force in the countries in which they are marketed. This testing process is based on a multidisciplinary approach that also takes into account the life cycle of the products concerned. Where necessary, qualified external laboratories are asked to perform additional studies.

The Group also takes particular care to comply with the requirements of the European Union's REACh directive and strictly monitors the composition of materials it uses to manufacture its products. This regulation has also provided the Group with an opportunity to launch programs aimed at finding substitutes for hazardous materials, replacing them with materials that are less hazardous for the health and safety of its customers.

9.3.6 Data compilation methodology

The data set out above was compiled as follows: ethics data was compiled by the Internal Audit Department, anti-corruption data by the Legal Department, and the other data by the Departments concerned (Communications Department, Human Resources Department, Purchasing Department, Technical Department).

Parent company results for the last five years

	2013	2012	2011	2010	2009
I- Share capital at the end of the fiscal year					
a) Share capital (in thousands of euros)	42,043	29,394	28,723	28,604	28,013
b) Number of shares issued	42,043,145	29,394,042	28,723,080	28,604,391	28 ,012,928
II- Results of operations (in thousands of euros)					
a) Sales before taxes	17,899	25,970	17,922	12,882	14,498
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	32,794	41,291	45,072	38,136	71,586
c) Income taxes	(295)	(777)	(824)	(672)	(256)
d) Employee profit-sharing due for the fiscal year	89	142	138	121	95
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	(50,787)	(35,486)	35,422	28,684	61,743
f) Dividends	-	14,697	31,637	31,581	28,101
III- Income per share (in euros)					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	0.78	1.43	1.57	1.33	2.56
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	(1.21)	(1.21)	1.23	1.00	2.20
c) Dividend per share		0.50	1.10	1.10	1.00
IV- Personnel					
a) Average headcount during the year	8	8	7	6	6
b) Total fiscal year payroll (in thousands of euros)	4,797	5,475	3,605	3,101	4,924
c) Total amount paid for employee benefits during the fiscal year (in thousands of euros)	1,599	1,825	1,206	1,023	1,641

APPENDIX 2

Summary of authorizations to increase the Company's share capital and their use during fiscal year 2013

<table>
<tr><th>Resolutions approved at the Annual Shareholders' Meetings of May 15, 2012 and May 14, 2013</th><th>Limit for each resolution[1]</th><th>Sub-limits applicable to several resolutions</th><th>Limits applicable to several resolutions</th><th>Use during fiscal 2013</th></tr>
<tr><td>Allocation of performance shares
(R9 – 2013 AGM)</td><td>€260,000</td><td>-</td><td rowspan="6">€14,000,000

(< 50% of the share capital)</td><td>Allocation of 259,300[2] performance shares (if 100% performance target reached) decided by the Board of Directors on July 24, 2013</td></tr>
<tr><td>Allocation of free shares
(R 10 – 2013 AGM)</td><td>€15,000</td><td>-</td><td>Allocation of 15,000[2] free shares (with no performance conditions attached) decided by the Board of Directors on July 24, 2013</td></tr>
<tr><td>Employee share issue
(R11 – 2013 AGM)</td><td>€400,000</td><td>-</td><td>-</td></tr>
<tr><td>Issue of ordinary shares with pre-emptive subscription rights (R14 – 2012 AGM) with a greenshoe option if oversubscribed (R17- 2012 AGM)</td><td>> €14,000,000
(< 50% of the share capital)</td><td>-</td><td>Issue of 12,612,942 ordinary shares decided by the Board of Directors on September 30, 2013 and the Chairman and Chief Executive Officer on October 14, 2013</td></tr>
<tr><td>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 (R15 – 2012 AGM) or a private placement (R16 – 2012 AGM)
with a greenshoe option if oversubscribed (R17 – 2012 AGM)</td><td>Shares:
> €4,000,000
(< 15% of the share capital)

Debt securities:
> €300,000,000</td><td>> €4,000,000

(< 15% of the share capital)</td><td></td></tr>
<tr><td>Issue of shares and/or securities carrying rights to shares in payment for securities transferred to the Company
(R18 – 2012 AGM)</td><td>5% of the share capital</td><td>-</td><td>-</td></tr>
<tr><td>Issue of shares to be paid up by capitalizing additional paid-in capital, reserves, income or any other eligible items (R19 – 2012 AGM)</td><td>€10,000,000</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td></td><td>Total limit
€ 24,675,000</td><td></td><td></td><td></td></tr>
</table>

In the above table, the abbreviation "R…" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meetings of May 15, 2012 and May 14, 2013.

(1) The maximum nominal amount of the capital increases which could take place corresponds to the maximum number of shares that may be issued as the par value of a Company share is equal to 1 euro.

(2) After the adjustments applied following the rights issue carried out on November 8, 2013, the number of performance shares and free shares total 319,007 and 17,534 respectively.

APPENDIX 3

Environmental and social indicators

- Environmental indicators

	2013	2012	2011
Number of sites monitored	93	94	92
Consumption of raw materials			
Energy purchased (MWh)	1,459,725	1,454,155	1,442,089
o/w electricity (MWh)	826,949	830,138	842,225
o/w fuel oil (MWh)	94,783	93,406	75,786
o/w gas (MWh)	516,720	513,249	523,049
o/w steam (MWh)	21,273	17,363	14,399
Water consumption (m^3)	2,942,549	2,984,044	3,011,044
Solvent purchased (tonnes)	497	579	757
Copper consumption (tonnes)	477,000	492,000	468,000
Aluminum consumption (tonnes)	139,000	148,000	155,000
Wastes and Emissions			
Waste tonnage (tonnes)	96,821	104,458	99,337
of which hazardous wastes (tonnes)	6,652	5,776	7,166
CO_2 emissions[1] (tonnes CO_2 eq.)	409,910	442,000	416,000
Management			
Number of ISO 14001 certified sites	63	62	56
% of sites with ISO 14001 certification	67%	66%	61%

(1) Direct and certain indirects emissions of CO_2 (from electricity and steam consumption, power line losses, use of fossil fuels, fugitives emissions and wastes treatment). Perimeter covering 85 sites as of 2013.

- Social indicators

	2013	2012	2011
Nexans Group			
Total headcount	25,843	25,080	24,561
Europe	14,679	14,752	14,896
Asia-Pacific[8]	2,755	2,022	2,214
North America	3,138	3,100	2,395
South America	2,136	2,262	2,309
Middle East, Russia, Africa	3,135	2,944	2,747
Cable Business			
Headcount Cable Business	18,673	18,306	18,026
% female employee	15.42%	15.1%	15.19%
% female managers (into manager population)	20%	21%	19%
Average age (years)	42.6 year	42.7 year	42.4 year
Average length of service (years)	12.7 year	12.8 year	12.8 year
% temporary employees	5.84%	6.9%	6.7%
Disabled employees[1]	322	334	323
Employment data			
Natural departures	-1,869	-1,707	-1,704
Restructurings[6]	-408	-299	-554
New hires	1,706	1,846	2,269
Impact of changes in Group structure	1013	485	10
Transfers	-59	-4	-2
Employee turnover rate[2] [7]	8.8%	8.4%	8.6%
Overtime rate[3]	6.4%	5.7%	6.5%
Part-time contracts	460	452	419
% fixed-term contracts	8.0%	5.7%	6.5%
Absenteeism rate	4.10%	4.67%	4.27%
Health and Safety			
Workplace accident frequency rate[4]	4.52	6.4	8.3
Number of sites with a zero accident	29	28	30
Workplace accident severity rate[5]	0.15	0.263	0.35
Training			
Total number of training hours	333,214	293,292	379,000
Labor relations			
Number of collective agreements signed across countries	> 50	95	> 90

	2013	2012	2011
Harnesses Business			
Headcount Harnesses Business	7,170	6,774	6,535
Europe	4,769	4,681	4,840
North America	1,341	1,252	1,049
Middle East, Russia, Africa	1,060	841	646
% female overall employees	61%	62%	63%
% female managers (into manager population)	38.5%	25.4%	35%
Average age (years)	34.5 year	34.6 year	34.3 year
Average length of service (years)	4.6 year	3.6 year	3.9 year
Employment data			
Natural departures	- 2,320	- 2,331	- 2,078
Restructuring	0	0	0
New hires	2,716	2,570	2,972
Impact of changes in Group structure	0	0	0
Transfers	0	0	0
Health and Safety			
Workplace accident frequency rate(4)	3.0	1.78	4.54
Workplace accident severity rate(5)	0.00	0.03	0.09
Training			
Total number of training hours	30,795	31,522	13,785

(1) This figure does not take into account countries where this information is not diclosed due to local regulation.
(2) 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.
(3) Overtime rate = number of overtime hours worked/total number of hours worked.
(4) Workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time / total number of hours worked x 1,000,000.
(5) Workplace accident severity rate = total number of lost work days (due to accident at work) / total number of hours worked x 1,000.
(6) Restructurings for 2012 are 299 instead of 332.
(7) The employee turnover rate for 2012 is 8,4 % instead of 6,3 %.
(8) The Yanggu site has been integrated in the consolidated scope of HR as from January 1, 2013. It had a total of 1,032 employees at december 31, 2013.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

APPENDIX 4

Report of the Statutory Auditor, as designated independent third-party body, on the social, environmental and societal information provided in the Report of the Board of Directors

This is a free translation into English of the Statutory Auditor' 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.

Year ended 31 December 2013

To the shareholders

In our capacity as Statutory Auditor of NEXANS and designated independent third-party body whose application for accreditation has been deemed admissible by COFRAC, we hereby present to you our report on the social, environmental and societal information (the "CSR Information") in the Report of the Board of Directors for the year ended 31 December 2013. This report is prepared in accordance with the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Board of Directors is responsible for establishing a report that includes the CSR Information specified in Article R.225-105-1 of the French Commercial Code, prepared in accordance with the guidelines used by the company (the "Guidelines"), available at its head office and summarised in the Report of the Board of Directors in article 9.

Independence and quality control

Our independence is defined by regulations, the code of ethics for our profession and the provisions of Article L.822-11 of the French Commercial Code. We have also set up a quality control system that includes policies and documented procedures to ensure compliance with rules of ethics, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditor

On the basis of our work, our responsibility is to:

- attest that the required CSR Information appears in the Report of the Board of Directors or that the exclusion of any information is explained in accordance with paragraph 3 of Article R.225-105 of the French Commercial Code (Attestation of completeness of CSR Information);
- express a limited assurance on the fact that the Information is presented fairly, in all material aspects, in accordance with the Guidelines (opinion on the fair presentation of CSR Information).

We performed the procedures below in accordance with professional standards applicable in France, with the order dated 13 May 2013 establishing the manner in which independent third-party body must carry out their work, and with ISAE 3000[1] concerning our opinion on the fair presentation of CSR Information.

To assist us in conducting our work, we referred to the corporate responsibility experts of our Firm and our work was conducted between August 2013 and February 2014.

1. Attestation of completeness of CSR Information

We conducted the procedures below:

- On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, if applicable, any initiatives or programmes it has implemented as a result.
- We compared the CSR Information included in the Report of the Board of Directors with the list provided in Article R.225-105-1 of the French Commercial Code.
- If certain information was excluded, we verified that an explanation was provided, in accordance with Article R.225-105, paragraph 3.
- We verified that the CSR Information covered the consolidated scope, i.e. the company and its subsidiaries as defined in Article L.233-1 and the companies it controls, as defined in Article L.233-3 of the French Commercial Code, subject to the limitations described in the note on the methods used in article 9 of the Report of the Board of Directors.

Based on these procedures and taking into account the limitations mentioned above, we inform you that the following information is not communicated with the required explanations:

- "Remunerations and their evolution", information for which the evolution is not mentioned;
- "Occupational accidents, including accident frequency and severity rates, and occupational diseases", information for which the topic related to the occupational diseases is not fully addressed.

2. Opinion on the fair presentation of CSR Information

Nature and scope of our procedures

We conducted one interview with 3 people responsible for preparing CSR Information in departments in charge of data collection processes and, where appropriate, those responsible for internal control procedures and risk management, to:

- assess the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account best practices in the industry, if applicable;

- verify that a data collection, compilation, processing and quality control process has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures involved in the preparation of the CSR Information.

We determined the nature and scope of tests and quality control processes, based on the type and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impacts of its business activities, its sustainable development strategy, and industry best practices.

For the CSR information we considered to be most important[1] :

- at the parent company level, we consulted documentary sources and conducted interviews to corroborate qualitative information (organisation, policies, actions, etc.), verified that this information was coherent and consistent with the rest of the information in the Report of the Board of Directors, implemented analytical procedures, and verified the calculation and the consolidation of data on a sample basis;
- at the entity level, for a representative sample of entities selected on the basis of their business activity, contribution to consolidated indicators, where they operate and a risk analysis, we conducted interviews to verify the proper application of procedures and performed substantive tests using sampling techniques, to verify calculations and reconcil data with supporting documents. The selected sample accounted for 18% of the workforce and between 13% and 100% of the Group's quantitative environmental information.

For the rest of the CSR information, we assessed whether it was consistent with our knowledge of the company.

Lastly, we assessed the adequacy of the justifications provided to explain the entire or partial exclusion of certain information.

We consider that the sampling methods and sizes of the samples used, based on our professional judgment, enable us to form a conclusion of limited assurance; a higher level of assurance would have required more extensive work. Due to the use of sampling techniques and other inherent limitations of the functioning of any information or internal control system, the risk of non-detection of a material misstatement in the CSR Information cannot be completely eliminated.

The definition of the indicators related to worked hours has not been applied homogeneously among all sites which have consequences on information related to absenteeism, frequency rate and the severity rate of work accidents.

Moreover, the indicators related to training have some uncertainty due to anomalies identified during our works.

Conclusion

Based on our work, and except for qualifications mentioned above, we did not identify any material anomaly likely to call into question the fact that the CSR Information has been presented fairly, in all material aspects, in accordance with the Guidelines.

Paris-La Défense, February 10, 2014

KPMG Audit

Department of KPMG S.A.

Philippe Arnaud

Partner

Climate Change
and Sustainability Services

Valérie Besson

Partner

(1) Social Indicators : Total Workforce (repartition by gender and by age), Hirings and dissmissals, Absenteeism rate, Frequency and severity rate of work accidents, Total number of training hours.
Environmental Indicators : Proportion of sites certified ISO 14001, Quantity of solvent bought, Quantity of produced waste, Copper consumption, Water consumption, Energy consumption (electricity consumption, natural gas consumption), Fuel bought.

(2) Social and environmental indicators (except copper consumption and proportion of sites certified ISO 14001) : Mohammedia and Casablanca (Morocco), Cheongwon and Jincheon (South Korea)
Social indicators : Nexans France and Nexans Brazil. Environmental indicators : Charleroi (Belgium), Santiago (Chile), Chester (USA) and Halden (Norway) for the indicator « Quantity of produced waste » ; Americana (Brazil) and Fergus (Canada) for the indicator « Electricity consumption » ; Montreal (Canada), Jeumont (France) and Cortaillod (Switzerland) for the indicator « Natural gas consumption » ; Nahr Ibrahim (Lebanon) and Messaieed (Qatar) for the indicator « Fuel bought » ; Karmoy and Namsos (Norway), New Holland (USA) and Elm City (USA) for the indicator « Water consumption » ; Noyelles casting (France) and New Holland (USA) for the indicator « Quantity of solvent bought » ; Nexans France for the copper consumption ; the indicator "Proportion of sites certified ISO 14001" has been reviewed at headquarter level (France).

Report of the Chairman

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE **AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES**

This report has been prepared in compliance with paragraph 6 of Article L.225-37 of the French Commercial Code, as amended by French Laws No. 2008-649 of July 3, 2008 and No. 2011-103 of January 27, 2011.

It presents the policy on the composition of the Board and the application of the principle of equal representation of men and women, the preparation and organization of the Board's work, and the internal control and risk management procedures set up by the Company, in particular those governing the preparation and processing of financial and accounting information for the financial statements of the Company and the Group.

This report covers the parent company and all Group companies included in the scope of consolidation.

It was presented to the Accounts and Audit Committee and approved by the Board of Directors on February 10, 2014.

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 for the year ended on December 31, 2013, presented by the Board of Directors.

I. Corporate governance

The corporate governance Code applied by Nexans when preparing this report is the Code applicable to listed companies published by the Association Française des Entreprises Privées (AFEP) and Mouvement des Entreprises de France (MEDEF), as amended in June 2013, (the "AFEP-MEDEF Corporate Governance Code"). The AFEP-MEDEF Corporate Governance Code is available on the MEDEF's website (www.medef.fr). Nexans applies all of the recommendations of the Code except for three non-compliances specified in section 7 below.

1. Composition of the Board of Directors(1)

In accordance with Article 11 of the Company's bylaws, the Board of Directors may have between 3 and 18 members at the most.

As of December 31, 2013, the Board of Directors comprised 14 members from diverse backgrounds. Members are selected for their expertise and experience in varied fields. The Board included two foreign nationals (i.e., 14% of the Board) and four women, representing 28% of the Board. The Company therefore meets the 20% of women directors' requirement of French Law of January 27, 2011 on equal representation between men and women on Boards of Directors.

The Board of Directors does not have any member representing employees. The Company does not fall within the scope of French Law No. 2013-504 of June 14, 2013 on the participation of employee representatives, with voting rights, on the boards of directors of major corporations.

Pursuant to Article 12 bis of the bylaws, one of the members of the Board of Directors is appointed at the Ordinary Shareholders' Meetings, based on the proposal of the Board of Directors, among the salaried members of the Supervisory Board(s) of the corporate mutual fund(s) (*fonds commun de placement d'entreprise* – FCPE), representing employee shareholders.

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. The current directors' terms of office expire as follows:

2014 Shareholders' Meeting	Véronique Guillot-Pelpel, François Polge de Combret
2015 Shareholders' Meeting	Robert Brunck, Georges Chodron de Courcel, Nicolas de Tavernost, Cyrille Duval, Hubert Porte(2), Mouna Sepehri
2016 Shareholders' Meeting	Frédéric Vincent, Colette Lewiner, Lena Wujek(3)
2017 Shareholders' Meeting	Jérôme Gallot, Francisco Pérez Mackenna(2), Andrónico Luksic Craig(2)

(1) Note to the 2013 Registration Document: the composition of the Board of Directors including the proposals submitted to the annual shareholders' meeting are described in the "Additional information / 2014 general shareholders' meeting" section of this Registration Document.
(2) Directors proposed by the principal shareholder Invexans (Quiñenco Group), previously called Madeco.
(3) Director and employee shareholder.

1.1 Policy on the composition of the Board of Directors

The Board is committed to promoting the diversity of its members in terms of professional background, nationality and the proportion of women.

In accordance with Recommendation 6.3 of the AFEP-MEDEF Corporate Governance Code, the Board discussed its composition and that of its committees at its meeting on January 13, 2014:

- The directors considered that given the breakdown of its share capital and the fact that three representatives of the principal shareholder Invexans (Quiñenco Group) sit on the Board, the independence rate of more than 61% at the end of 2013 was satisfactory. The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.
  - With two foreign nationals on the Board at the end of 2013, i.e., more than 14%, an adequate number of international members is also deemed to be on the Board; however, if the opportunity arises, the Board would like to add more international members.
  - The proportion of women on the Board, currently more than 28%, must increase in order to reach the 40% legal requirement by 2017.
  - Lastly, the Board would like about half the seats to continue to be held by people with experience in industry, and several seats to continue to be held by directors with experience in the energy sector.

The Board considered the composition of the Committees of the Board of Directors to be adequate in the light of the Company's organization, procedures and objectives.

1.2 Members of the Board of Directors

At the Annual Shareholders' Meeting held on May 14, 2013, Nexans' shareholders re-elected as directors Jérôme Gallot and Francisco Pérez Mackenna, proposed by Nexans' principal shareholder Invexans (Quiñenco Group), in accordance with the shareholders' agreement between Nexans and Invexans. The shareholders also appointed Andrónico Luksic Craig, proposed by Invexans (Quiñenco Groupe) to replace his brother, Guillermo Luksic Craig. Finally, the term of office of a director, Gianpaolo Caccini, expired, and he was not proposed for re-election.

At December 31, 2013, the members of the Board of Directors were as follows:

Frédéric Vincent Chairman and CEO	59 years old, French nationality
	8 rue du Général Foy, 75008 Paris, France
Number of shares held	20,270 (including 1,140 held by his wife)
Number of corporate mutual fund units invested in Nexans shares	4,410 (value of one unit = value of one share)
First appointed as a director	April 10, 2008
Appointment as Chairman and CEO	April 3, 2009 (taking effect on May 26, 2009) Renewal on May 15, 2012.
Expiration of current term	2016 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.

(1) Independence rate calculated without counting the director who is an employee shareholder, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.

Robert Brunck Director	64 years old, French nationality Chairman of the Board of Directors of CGG Tour Maine-Montparnasse 33, avenue du Maine, B.P. 191 75755 Paris Cedex 15, France
Number of shares held	500
First appointed as a director	May 31, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Robert Brunck began his career at the Compagnie Générale de Géophysqiue (CGG) in 1985. He was named Deputy Executive Officer in 1987, Chief Financial and Legal Officer in 1989, and Vice President of Administration and Development in 1991. In 1995, Robert Brunck was appointed CEO of CGG, and subsequently Vice Chairman and CEO and Director in September 1998, and Chairman and CEO on 20 May 1999. Upon acquisition of Veritas on January 12, 2007, CGG became the Compagnie Générale de Géophysique-Veritas (CGGVeritas), where he was appointed Chairman and Chief Executive Officer then Chairman of the Board of Directors. CGGVeritas became CGG at the beginning of 2013. He also holds several offices at a number of academic and professional organizations, such as the Centre Européen d'Education Permanente (CEDEP), the Ecole Nationale Supérieure de Géologie (ENSG) and the Bureau of Geological & Mining Research (BRGM).
Georges Chodron de Courcel Director	63 years old, French nationality Chief Operating Officer of BNP Paribas Member of the Executive Committee 3 rue d'Antin, 75002 Paris, France
Number of shares held	500
First appointed as a director	June 15, 2001
Expiration of current term	2015 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.
Cyrille Duval Director	65 years old, French nationality General Secretary of Eramet Alliages (Alloys division of Eramet Group) Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15, France
Number of shares held	713
First appointed as a director	May 31, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Cyrille Duval became Chief Administrative and Financial Director of Aubert et Duval (a subsidiary of Eramet) in 2004, and has served as General Secretary of Eramet's alloys division since 2007. Cyrille Duval was also appointed director and member of the Finance Committee of Metal Securities (Eramet's centralized cash management company) in 2005 and director of Comilog (main mining subsidiary of Eramet's manganese business) in 2006.

Jérôme Gallot Director	54 years old, French nationality
	Advisor to the Chairman of Veolia Environnement 32 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Number of shares held	920 (jointly with his wife)
First appointed as a director	May 10, 2007
Expiration of current term	2017 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. He was Chairman of CDC Entreprises from 2006 to March 2011. Additionally, he has been a member of the Executive Committee of Fonds Stratégique d'Investissement (FSI, which became BPIfrance Participations). He also served as Chief Executive Officer of Veolia Transdev from March 2011 to December 2012, and is now Advisor to the Chairman of Veolia Environnement.

Véronique Guillot-Pelpel Director	63 years old, French nationality
	Judge at the Paris Commercial Court 8 rue de Tocqueville, 75017 Paris, France
Number of shares held	3,885
Nombre de parts de FCPE investies en actions Nexans	3,554 (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.

Colette Lewiner Director	68 years old, French nationality Advisor to the Chairman 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	2016 Annual Shareholders' Meeting
Expertise/Experience	Following several years of physics research and university lecturing (Maître de conférences 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 Chair of TDF. In July 2012, she became Advisor to the Chairman of Cap Gemini on "Energy and Utilities" matters. She is a director of several major industrial groups, including Lafarge, Eurotunnel, Bouygues and TGS-NOPEC Geophysical Company ASA, in addition to, as of January 28, 2013, the Indian industrial group Crompton Greaves.
Andrónico Luksic Craig Director proposed by Invexans (Quiñenco Group)	59 years old, Chilean nationality Chairman of the Board of Directors of Quiñenco Enrique Foster Sur 20, piso 15, Las Condes Santiago, Chile
Number of shares held	500
First appointed as a director	May 14, 2013
Expiration of current term	2017 Annual Shareholders' Meeting
Expertise/Experience	Andrónico Luksic Craig is currently Chairman of the Board of Directors of Quiñenco, one of the main conglomerates in Chile, and has been a member of the Board of Directors since 1978. He holds several offices within the companies of the Quiñenco Group. Since 2002, he has served as Vice Chairman of the Board of Directors of Banco de Chile, one of the main financial institutions in Chile. Also, within the Quiñenco Group, he is Chairman of the Board of Directors of LQ Inversiones Financieras, Chairman of the Management Board of Compañia Cervecerías Unidas (CCU), and Vice Chairman of the Board of Directors of Compañia Sudamericana de Vapores (CSAV) and a member of the Board of Directors of Madeco and Antofagasta Minerals Plc. Outside the Quiñenco Group, Andrónico Luksic Craig has non-executive duties within Barrick Gold as a member of the International Advisory Board. He is also an active member of several leading organizations and advisory boards, both in Chile and internationally, including the Federation of Chilean Industry (*Sociedad de Fomento Fabril* – SOFOFA), the Chile-Pacific Foundation, the International Business Leaders' Advisory Council of the municipality of Shanghai, the Brookings Institution and the APEC Business Advisory Council. Andrónico Luksic Craig is extremely committed to education. He helps manage the educational foundation that he created and takes part in consultative committees for Harvard University, MIT, the University of Oxford, Tsinghua University, Fudan University and Babson College.

Francisco Pérez Mackenna Director proposed by Invexans (Quiñenco Group)	55 years old, Chilean nationality
	Chief Executive Officer of Quiñenco Enrique Foster Sur 20, piso 14, Las Condes Santiago, Chile
Number of shares held	100[1]
First appointed as a director	May 31, 2011
Expiration of current term	2017 Annual Shareholders' Meeting
Expertise/Experience	Francisco Pérez Mackenna has served as Chief Executive Officer of the Chilean company Quiñenco S.A. since 1998. He is also a director of some Quiñenco group companies, including Banco de Chile, Madeco, CCU (Compañía Cervecerías Unidas S.A.), CSAV (Compañía Sud Americana de Vapores), SAAM (Sudamericana Agencias Aéreas y Marítimas S.A) and ENEX (Empresa Nacional de Energía Enex S.A.). Before joining Quiñenco, between 1991 and 1998 Francisco Pérez Mackenna was Chief Executive Officer of CCU. He is also on the consultative board of the Booth School of Business at the University of Chicago (USA) and of the EGADE Business School of the Monterrey Institute of Technology (Mexico). Francisco Pérez Mackenna teaches at the Catholic University of Chile.
François Polge de Combret Director	72 years old, French nationality
	Chemin des Ramiers 8 1009 Pully, Switzerland
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 Advisor to the Cour des Comptes before being appointed 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 then at Calyon (Crédit Agricole CIB) from 2010 to 2011.

(1) The reader of this Registration Document is informed that on March 11, 2014, M. Pérez Mackenna purchased an additional 400 Nexans shares. As a result, he holds a total of 500 shares, in accordance with the recommendation set forth in the Internal Regulations of the Board of Directors.

Hubert Porte Director proposed by Invexans (Quiñenco Group)	49 years old, French nationality
	Executive Chairman of Ecus Administradora General de Fondos S.A. Magdalena 140, Oficina 501 Las Condes Santiago, Chile
Number of shares held	571
First appointed as a director	November 10, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Hubert Porte is Executive Chairman of the management company Ecus Administradora General de Fondos SA, which was founded in 2004 and is dedicated to investments in Chile through private equity fund Axa Capital Chile and Ecus Agri-Food. He is Chairman of the Board of Directors of the Chilean companies Albia and Green Pure, and is a director of Loginsa and Vitamina. He is also general partner of Latin American Asset Management Advisors Ltd (LAAMA), also founded in 2004 which is the exclusive distributor for Chilean and Peruvian pension funds of Axa Investment Managers' mutual funds and for which LAAMA currently manages US$3 billion.
Mouna Sepehri Director	50 years old, French nationality
	Executive Vice-President, Office of the CEO of Renault 13-15 quai le Gallo 92513 Boulogne-Billancourt Cedex, France
Number of shares held	716
First appointed as a director	May 31, 2011
Expiration of current term	2015 Annual Shareholders' Meeting
Expertise/Experience	Mouna Sepehri holds a law degree and is a member of the Paris Bar. She began her career in 1990 as an attorney in Paris and then New York, where she specialized in Mergers & Acquisitions and International Business Law. Mouna Sepehri joined Renault in 1996 as Deputy General Counsel. She helped drive Renault's strong international growth and was involved in the Renault-Nissan Alliance from its founding in 1999 as a member of the team that negotiated the partnership. In 2007, Mouna Sepehri joined the Office of the CEO where she was in charge of managing the Cross-Functional Teams. In 2009, she was appointed Executive Vice President of the Renault-Nissan Alliance and Secretary of the Board of the Renault-Nissan Alliance. She also became a member of the steering committee in charge of the Alliance's cooperation with Daimler in 2010. In this role, she was in charge of developing Alliance synergies, coordinating strategic cooperation and conducting new projects. On April 11, 2011, she became a member of the Renault Group Executive Committee as Executive Vice-President at the Office of the CEO. She oversees the following areas: the Legal Department, the Public Affairs Department, the Communications Department, the Corporate Social Responsibility Department, the Real Estate and Facilities Department, the Prevention and Protection Department, the Cross-Functional Teams Department and the Program for Business Efficiency of Operating Costs. In 2012, she was appointed as a member of the Board of Directors of Danone and a member of the Supervisory Board of M6.

Nicolas de Tavernost Director	63 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	2015 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 in 1977. 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 Management Board of the M6 Group in 2000.
Lena Wujek Director and employee shareholder	38 years old, French nationality
	Employee of Nexans France Member of the Supervisory Board of FCPE Actionnariat Nexans (employee mutual fund) Legal Counsel
Number of shares held	16
Nombre de parts de FCPE investies en actions Nexans	112 (value of one unit = value of one share)
First appointed as a director	May 15, 2012
Expiration of current term	2016 Annual Shareholders' Meeting
Expertise/Experience	Lena Wujek holds degrees in business and in law. She has worked for the Nexans Group since 2008 and serves as Legal Counsel in the areas of company law and securities law. Before joining Nexans, for seven years she worked as an attorney with the Paris Bar for the law firm Cleary Gottlieb Steen & Hamilton LLP, where she focused primarily on international financial transactions. She is a member of the Supervisory Board of FCPE Actionnariat Nexans.

Pursuant to Article 11 of the bylaws, all directors must own 10 shares. This principle is respected by all directors. Furthermore, the Directors' Charter adopted by the Board of Directors (appended to the Internal Regulations and published on the Company's website) states that each Board member should own at least 500 shares, a condition fulfilled by almost all directors, and which does not apply to the director who is an employee shareholder. The Board of Directors therefore considers that the directors (who are not employees) comply with the recommendation of the AFEP-MEDEF Corporate Governance Code according to which each director must own a significant number of shares in view of the attendance fees they receive.

On July 24, 2013, in accordance with the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board of Directors set at 15,000 the minimum number of shares to be held by the Chairman and CEO to meet the objective prescribed by Recommendation 23.2.1 of the AFEP-MEDEF Corporate Governance Code. Pursuant to this decision, the Chairman and CEO increased the number of shares he held (directly or indirectly owned) to 23,540 at the end of 2013, which corresponds to the number prescribed by the Board of Directors. It is noted that the Chairman and CEO has held a consistently increasing number of the Company's shares since his first appointment on 2009. Moreover, the Chairman and CEO has non-exercised options and non fully vested performance shares that are subject to holding and share purchase obligations.

(See section 7.1 of the 2013 Management Report for the list of corporate offices and positions held by the corporate officers during 2013 as well as the list of the corporate offices ended during the last five years).

1.3 Independence

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

As part of its annual review, on January 13, 2014 the Board of Directors examined the individual status of each of its members in light of the independence criteria defined by Recommendation 9.4 of the AFEP-MEDEF Corporate Governance Code and implemented within Article 1 of the Internal Regulations of the Board of Directors, and confirmed the characterization previously used, as such that:

- The following directors are independent: (1) Robert Brunck, (2) Cyrille Duval, (3) Jérôme Gallot, (4) Véronique Guillot-Pelpel, (5) Colette Lewiner, (6) François Polge de Combret, (7) Mouna Sepehri and (8) Nicolas de Tavernost.

  Jérôme Gallot, who is bound by an agreement with Bpifrance Participations (previously Fonds Stratégique d'Investissement), is deemed independent provided that Bpifrance Participations owns less than 10% of the share capital and voting rights of the Company and does not have an controlling interest(1). On July 16, 2013, Véronique Guillot-Pelpel had no longer been exercising her management duties within the Group for five years, and could therefore, under strict application of the criteria set out by the AFEP-MEDEF Corporate Governance Code, be recharacterized as an independent director as of this date. Noting also that Véronique Guillot-Pelpel's previous connection with the Group did not compromise her independent judgment, the Board considered that she could be recharacterized as an independent director as of July 2013.

- The following directors are not independent: (1) Frédéric Vincent, in view of his position as Chairman and CEO; (2) Georges Chodron de Courcel; (3) Andrónico Luksic Craig, (4) Francisco Pérez Mackenna and (5) Hubert Porte, as these last three directors were proposed by the principal shareholder Invexans (Quiñenco Group)(2); and (6) Lena Wujek, as an employee of the Group.

  Georges Chodron de Courcel was characterized as non-independent due to his position within BNP Paribas, with which the Group has business relations. These relations were considered "significant" in 2013 in view of BNP Paribas' role leading the global coordination of bank advisory services within the scope of the share issue with pre-emptive subscription rights for existing shareholders carried out on November 8, 2013, even though the Group maintains significant relationships with other banking institutions.

At December 31, 2013, eight of Nexans' thirteen(3) directors were therefore independent, representing an independence rate of more than 61%. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies and the rule applied by the Board in its Internal Regulations.

2. Operation and work of the Board of Directors

2.1 Board decisions, Internal Regulations and Code of Ethics

The Board of Directors adopted Internal Regulations in 2003. Their purpose is to supplement legal and regulatory rules and the Company's bylaws by setting out detailed operating procedures for the Board and its Committees and the duties of directors, particularly in light of the corporate governance principles contained in the AFEP-MEDEF Corporate Governance Code, which serves as the Company's reference framework. The Board's Internal Regulations contain an appendix on the "Principles governing Nexans' policy concerning the compensation of executive corporate officers." It is published in its entirety on the Company's website.

The Internal Regulations are updated regularly. They were updated on May 15, 2012 regarding expanding the scope of the Appointments and Compensation Committee with regard to corporate governance issues, defining management rules about potential conflicts of interest, and setting out the conduct expected of the directors in a Directors' Charter which is appended to the Board's Internal Regulations. It was subsequently supplemented in March 2013 with the creation of the Strategy Committee.

Following the publication of the AFEP-MEDEF Corporate Governance Code amended in June 2013, on July 24, 2013 the Board decided to update the Internal Regulations, in particular in order to add that every year the Board of Directors discusses the assessment of the performance of executive corporate officers, without the presence of executive or internal Board members (in accordance with Recommendation 10.4 of the amended AFEP-MEDEF Corporate Governance Code) and to provide additional information about the responsibilities of the Accounts and Audit Committee and the Appointments, Compensation and Corporate Governance Committee. This amendment also led to the adoption of a rule regarding the consultation of shareholders for the individual compensation of executive corporate officers, set out in an appendix to the Internal Regulations.

(1) The reader of this Registration Document is informed of the discontinuation of the agreement between Jérôme Gallot and Bpifrance.
(2) Previously Madeco.
(3) Independence rate calculated without counting the director who is an employee shareholder, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code amended in June 2013.

The Board's Internal Regulations stipulate that, in addition to the cases set out in applicable legal provisions, some decisions require prior approval from the Board, in particular the following deals/plans:

(i) Any merger, acquisition, divestment or other industrial or finance projects with a unit value of more than 50 million euros (enterprise value for mergers, acquisitions or divestments).

(ii) Opening the capital of a subsidiary through a joint venture or initial public offering amounting to an inflow of more than 25 million euros.

(iii) Any transaction or plan representing diversification outside the Group's lines of business irrespective of its value.

The Board of Directors also reviews the principal basis for significant internal restructuring plans at the Group level, subject to any consultation procedures required by law and without prejudice to decisions relating to entities that may be concerned.

These regulations also cover:
- information provided to the directors;
- the internal regulations of the Board Committees; and
- rules governing stock option and performance share plans of the Chairman and CEO.

Nexans has also adopted a Group-wide insider trading policy whereby executives or any person with access to non-public information is required to refrain from trading, either directly or indirectly, in Nexans securities. The policy also includes a simplified calendar of recommended non-trading periods.

2.2 Board meetings in 2013

The Board is convened in accordance with applicable laws, the bylaws and the internal regulations of the Board.

The Board met nine times in 2013, sometimes without the presence of executive or internal Board members in accordance with Recommendation 10.4 of the AFEP-MEDEF Corporate Governance Code, with an average annual attendance rate of over 93%(1).

The number of 2013 meetings attended by each Board member as of the end of 2013 is indicated in the table below(2):

Director	Number of meetings attended
Frédéric Vincent	9
Robert Brunck	9
Gianpaolo Caccini*	3
Georges Chodron de Courcel	9
Cyrille Duval	9
Jérôme Gallot	9
Véronique Guillot-Pelpel	8
Colette Lewiner	9
Andrónico Luksic Craig**	4
Francisco Pérez Mackenna	9
François Polge de Combret	8
Hubert Porte	9
Mouna Sepehri	8
Nicolas de Tavernost	8
Lena Wujek	9

* Director whose term of office expired and was not presented for re-election in May 2013.
** Director whose office started on May 14, 2013.

(1) Annual attendance rate determined based on the number of directors in office present at the Board meeting in question.
(2) It should be noted that the table above does not include Guillermo Luksic Craig, the director who passed away at the beginning of 2013, and only attended one meeting on January 14, 2013.

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 2013 were as follows:

Monitoring the Group's key strategic areas and activities	- Review of strategic plan and of certain initiatives - External growth projects and review of various opportunities - Review of business performance
The Group›s financial position, including cash flow and commitments	- 2013 budget - Adoption of the management report on the operations and results of the Nexans Group and its parent company - Approval of the parent company and consolidated financial statements for the year ending on December 31, 2012 and the six months ending on June 30, 2013, after hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee - Presentations on business trends and the financial and net debt position of the Company and the Group and reports by the Chairman of the Accounts and Audit Committee on topics reviewed by the Committee - Review and approval of press releases on the annual and interim consolidated financial statements - Review of the Australian subsidiary
Executive Management and compensation	- 2012 performance review and compensation and benefits of the CEO - Quantitative objectives for 2013 used as a basis for determining the variable compensation payable to the CEO and Group senior managers - Long-term compensation policy for Group senior managers - Performance share and free share plan - Adjustment of stock option or performance share plans following the share issue carried out on November 8, 2013
Corporate governance	- Self-assessment of the Board and its committees - Launch (end-2013) of a self-assessment of the Board - Adoption of the Chairman's Report on Corporate Governance and on Internal Control and risk management procedures - Re-election and appointment of directors - Creation of the Strategy Committee and decision regarding its composition - Characterization of the independence of directors - Update of the Board's Internal Rules following the creation of the Strategy Committee and following the publication of the AFEP-MEDEF Corporate Governance Code amended in June 2013 - Internal Audit report
Market transactions	- Share issue with pre-emptive subscription rights for existing shareholders
Other	- Notice of the Annual Shareholders' Meeting - Review of antitrust investigations - Presentation of the metallurgy business - Review of the cost-savings plan

Reports are also presented to the Board of Directors on a regular basis by the Management Board and the various managers in charge of functional departments.

At the end of September 2013, directors were able to visit the Lens plant in France. They were given a presentation of the metals strategy for the entire Group, as well as a presentation of the plant along with a guided tour of the production facility and the research center.

2.3 The Board Committees

In July 2001, the Board of Directors set up the Accounts and Audit Committee and the Appointments and Compensation Committee, whose purview was extended in 2012 to cover corporate governance. Following the appraisal of the Board conducted at the end of 2012, the Board decided in early 2013 to set up a Strategy Committee.

The rules relating to these Committees' membership structure, roles and responsibilities, and operating procedures are set out in the Board of Directors' Internal Regulations, which are based on legal requirements and apply the recommendations of the AFEP-MEDEF Corporate Governance Code.

2.3.1 The Accounts and Audit Committee

At December 31, 2013, the Accounts and Audit Committee comprised the following three members, who are all non-executive directors:

Georges Chodron de Courcel	Chairman
Cyrille Duval	Member
Jérôme Gallot	Member

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the independence rate of this Committee, as appreciated on the basis of the annual review of independence characterization of directors conducted beginning 2013, was of two-thirds, as Mr. Chodron de Courcel had been characterized as non-independent.

All three members of the Accounts and Audit Committee have training and experience in finance and accounting that surpass the obligations laid down in paragraph 2 of Article L.823-19 of the French Commercial Code, which require the appointment of at least one Committee member with finance and accounting expertise:

- Georges Chodron de Courcel, with extensive experience in finance positions since joining the BNP Paribas Group in 1972 and as Chief Operating Officer of BNP Paribas since 2003 and head of the Finance and Investment Bank.
- Jérôme Gallot, in view of his career as an Auditor at the Cour des Comptes, his experience in capital investment as well as the diverse financial positions he has held within the French Finance Ministry.
- Cyrille Duval, in view of the range of financial positions he has held at Aubert et Duval and Eramet Group, and his current duties as General Secretary of Eramet Alliages.

The Chairman of the Accounts and Audit Committee was characterized as non-independent in view of the criteria set forth in the AFEP-MEDEF Corporate Governance Code. However, the Company considered that his extensive professional experience, his excellent knowledge of the Group and his active contribution to the Accounts and Audit Committee since its setup in 2001 fully justify its decision to elect him as Chairman of this Committee.

For the implementation of the assignments 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 the 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, the presentation to the Committee of a description of internal procedures for identifying off-balance sheet commitments and risks,
- examines the work of the Internal Audit Department,
- participates in the selection of Statutory Auditors and 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.

Pursuant to Article 13 of the bylaws, the Chairman of the Accounts and Audit Committee can convene a Board meeting and set the agenda.

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 reports to the Board of Directors and is under its responsibility.

The Accounts and Audit Committee met three times in 2013, with an attendance rate of 100% at all meetings. The meetings were also attended by the Chief Financial Officer, the Head of Internal Audit and Nexans' Statutory Auditors.

In 2013, the Committee discussed the following main issues:

Financial information	- Presentation of the annual and interim financial statements by the Finance Department, review of provisions for disputes - Presentation by the Statutory Auditors on their work - Status report on the action plans undertaken to limit the risks related to pension and other retirement benefit obligations - Press releases on annual and interim earnings
Internal audit and risk management	- Presentation by the Head of Internal Audit of the activity report for 2012 and a status report on the 2012-2013 internal audit plan, follow-up on the measures taken, submission of the 2013-2014 internal audit plan for approval - Review of the "Risk factors" section of the 2012 management report - Review of Chairman's Report on Corporate Governance and Internal Control and risk management procedures - Review of material risks and off-balance sheet commitments - Review of risk management procedures - Review of the Australian subsidiary - Review of antitrust investigations
Other	- Appointment of KPMG to verify extra-financial data - Pensions in Norway

2.3.2 The Appointments, Compensation and Corporate Governance Committee

At the end of year 2013, the Appointments, Compensation and Corporate Governance Committee comprised the following five members, who are all non-executive directors:

Robert Brunck	Chairman
Jérôme Gallot	Member
Véronique Guillot-Pelpel[1]	Member
François Polge de Combret	Member
Francisco Pérez Mackenna*	Member

* The appointment of Francisco Pérez Mackenna to the Appointments, Compensation and Corporate Governance Committee falls within the scope of the commitments undertaken by the Company in the agreement signed with Invexans (Quiñenco Group)[2] on March 27, 2011.

On the basis of the annual review of the characterization of independence of directors conducted beginning 2014, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 80% taking into account the characterization of Francisco Pérez Mackenna as non-independent. Thus the independence rate of this Committee exceeded the recommendations of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, which call for a proportion of more than 50%.

The responsibilities of the Appointments, Compensation and Corporate Governance 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.
- It examines the determination of independence 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 the executive director's compensation based on short- and medium-term strategy and market practices, and it reviews the termination benefits.
- It examines the policy concerning stock option or performance share 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.

(1)Since March 20, 2013, to replace Gianpaolo Caccini whose term of office as a director expired on May 14, 2013 and whose re-election was not proposed to the shareholders.
(2) Previously Madeco.

The assignments undertaken by the Committee were extended in May 2012 to corporate governance involving the Board of Directors and to examine any issues related to the application of the Directors' Charter and, in particular, conflicts of interest.

Pursuant to Article 13 of the bylaws, the Chairman of the Appointments, Compensation and Corporate Governance Committee can convene a Board meeting and set the agenda.

During 2013, the Appointments, Compensation and Corporate Governance Committee met five times with a total average attendance rate of 96%.

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

Directors	- Review of terms of office expiring at the 2013 Shareholders' Meeting - Renewal of the terms of office of two directors - Appointment of a new director representing Invexans (Quiñenco Group) - Characterization of the independence of Board members - Composition of committees
Compensation	- Variable portion of the Chairman and CEO's compensation paid for 2012 - Chairman and CEO's compensation in 2013: fixed and variable portions (examination of the calculation methods used for Group and individual performance objectives) - Long-term compensation policy for Group senior managers: Terms of Long-Term Compensation Plan No. 12 – Conditions applicable to the Chairman and Chief Executive – Approval of beneficiaries - Acknowledgment of achievement of the performance conditions for vesting of stock options granted under Long-Term Compensation Plans No. 8 and No. 9 - Acknowledgment early 2013 of the achievement rate for the Group's quantitative objectives used to determine the Chairman and CEO's termination benefits applicable under the first mandate of Chairman and CEO - Rules for the breakdown of directors' fees - Adjustment of free stock option or performance share plans following the share issue with pre-emptive subscription rights for existing shareholders carried out on November 8, 2013
Other	- Results of the Board's appraisal conducted for 2012 - Launch of the Board's self-assessment for 2013 - Creation of a Strategy Committee - Review of the Internal Regulations following the publication of the AFEP-MEDEF Corporate Governance Code amended in June 2013 - Review, given a possible conflict of interest, of plans to enter into agreements with BNP Paribas within the scope of the share issue carried out on November 8, 2013 - Succession plan for members of the Management Council (previously called the Executive Committee)

2.3.3 The Strategy Committee

At the end of 2013 the Strategy Committee had five members, who are all non-executive directors:

Frédéric Vincent	Chairman
Robert Brunck	Member
Jérôme Gallot	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member

In accordance with the Board's Internal Regulations, the Strategy Committee reviews the following matters proposed by Executive Management in order to express its opinion to the Board of Directors:

- The three-year strategic plan (through a preliminary review before the strategic plan is presented to the Board of Directors), and in particular, any change to the scope of the businesses (discontinuing significant operations or expanding into significant new segments);
- Annual follow-up on the progress of some of the most important strategic initiatives;
- Any recommendations from independent consultants hired by the Company to develop plans or strategic initiatives; and
- Strategic considerations related to major mergers, acquisitions, divestments and/or industrial investments which are reviewed by the Board of Directors in accordance with the Board's Internal Regulations.

During 2013, the Strategy Committee met twice with an attendance rate of 100%. The Committee reviewed the 2013-2015 strategic plan, the recommendations issued by an independent consulting firm on the strategic plan, as well as several other specific strategic initiatives. Presentations were made to the Committee by several senior managers from the Group and representatives from an independent consulting firm. The Head of Strategy and Development attended both meetings.

2.4 Directors' training

Directors receive all information necessary to complete their duties upon taking office and may request any documents they deem useful.

The Board's Internal Regulations stipulate that each director may benefit from additional training, should it be deemed necessary, on specific Company operating procedures, its businesses or business sector.

The Board's appraisal of 2011 led to improving the process for taking on new directors and several types of training sessions for new directors, including a general training session during which members of the management team and representatives from the main functional departments present the Nexans Group, its manufacturing businesses, strategy, financial and accounting matters, stock market information, corporate governance and human resources.

In the continuous improvement of their knowledge of the Group, directors are given regular presentations by the main representatives from the functional departments or geographic areas and participate in an annual on-site meeting (see section 2.2 above on the on-site visit organized at the end of September 2013).

Lastly in accordance with Recommendation 13 in fine of the AFEP-MEDEF Corporate Governance Code, the director who is an employee shareholder took several internal training courses in 2013 offered by Nexans University, through e-learning and training modules led by experts from the Group, on topics related the Group's business and its challenges, for example on supply chain management.

2.5 Evaluation 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 involvement of directors, and to ensure that significant issues are properly prepared, dealt with and discussed at Board meetings.

The Board's appraisal is conducted in one of two ways. Either a detailed questionnaire is sent to each director, and the Appointments, Compensation and Corporate Governance Committee then prepares a synthesis of the results that is reviewed at a Board meeting; or individual interviews are held by specialized consulting firms without the presence of representatives from the Company. The recommendations for improvement in the outcome of these appraisals are then implemented.

At the end of 2012, the Board conducted a self-assessment of its organization and procedures that was reviewed and discussed by the Board on February 6, 2013. The proposals made were implemented: review of the succession plan, follow-up on sales achievements and failures, and more thorough information on the Company's markets and competitors. At its meeting on February 6, 2013, the Board also decided to create a Strategy Committee.

An appraisal questionnaire was given to the directors at the end of 2013 and was discussed by the Appointments, Compensation and Corporate Governance Committee and then by the Board of Directors at the beginning of 2014. This appraisal highlighted directors' positive evaluation of Nexans' governance, in particular as regards the balance and independence of the Board with respect to the Chairman and CEO, as well as the effectiveness of the Board's meetings and the quality of the discussions. Suggested areas of improvement included an in-depth presentation of the analysis of certain matters prepared by the committees and a greater focus on certain matters by the Board, for example R&D policy and the competitive environment.

3. Management structure

In accordance with Article L.225-25-1 of the French Commercial Code and given in particular the evaluation of Board governance led by an external consultant at the end of 2011, the Board of Directors decided to continue a non-separation of functions by renewing Frédéric Vincent's term as Chairman of the Board and Chief Executive Officer of Nexans.

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. Additionally, the Group's industrial activity organized along a long-term cycle of investments does not justify putting in place additional controls consistent with dissociating these functions.

Furthermore, the fact that the majority of Nexans' directors and Board Committee members are independent, as well as the limits imposed on the CEO's powers by the Internal Regulations of the Board, and the powers given to the Chairman of the Appointments, Compensation and Corporate Governance Committee and the Chairman of the Accounts and Audit Committee (in particular the power to call Board meetings), provides the necessary assurances that its management structure complies with good corporate governance practices.

The decision-making power of the Chairman and CEO is limited in particular for the transactions or decisions that require, pursuant to the Board's Internal Regulations, prior approval by the Board (in particular relating to mergers, acquisitions and financing proposals representing a unit value of over 50 million euros). The Board of Directors has not placed any other restrictions on the powers of the Chairman and CEO than those imposed by the law and by the Internal Regulations of the Board[(1)].

This organization is also part of the efforts to strengthen Executive Management in July 2013 with the arrival of a Chief Operating Officer responsible for all of the Group's operating business and who reports to the Chairman and CEO, with whom he works in close collaboration.

4. 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. The conduct expected of the Company's directors was formally set out in May 2012 in a Directors' Charter which is appended to the Board's Internal Regulations.

Corporate officers (directors) are not subject to any restrictions concerning the sale or transfer of their shares, with the exception of rules applicable to insider trading and, if regarding the Chief Executive Officer, the holding period applicable to a portion of the shares held on exercise of stock options and to a portion of the performance shares acquired, subject to decision of the Board. A table detailing transactions in Nexans shares carried out by corporate officers during 2013 is provided in section 7.2 of the 2013 Management Report.

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 (Shareholder's Meeting) and 21 (Voting Rights) of Nexans' bylaws, which can be viewed on Nexans' website (www.nexans.com, Corporate Governance section).

At the Shareholders' Meeting held on November 10, 2011, the "one-share-one-vote rule" was adopted to replace the double voting rights attached to shares owned by a single shareholder for more than two years. At the same meeting, shareholders raised the 8% limit on shareholder's total voting rights in a Shareholders' Meeting to 20%, applicable only to decisions made at Extraordinary Shareholders' Meetings on major transactions affecting the structure of the Group. This limit prevents the right to veto by any single major shareholder on strategic decisions and is therefore in the interest of all shareholders.

6. Compensation and benefits paid to corporate officers

Nexans' corporate officers are the fourteen members of the Board of Directors at December 31, 2013. Frédéric Vincent, as Chairman and CEO, was Nexans' sole executive corporate officer at that date.

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 (Director's compensation) and section 7.4 (General Principle – Compensation and benefits payable to the Chairman and CEO) of the 2013 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, 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.

In accordance with Recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, the compensation of the executive corporate officer will be reviewed and subject to an advisory vote at the Shareholders' Meetings on May 15, 2014.

(1) It is noted that there is no statutory limitation to the Chairman and CEO's powers.

7. Application of the AFEP-MEDEF Corporate Governance Code

The Company considers that it applies all of the recommendations of the AFEP-MEDEF Corporate Governance Code based on the implementation deadlines for the recommendations, with the exception of the following recommendations:

Recommendation	The Company's current practices – Explanations
Evaluation of the Board (10.2): The evaluation must measure the actual contribution of each director.	The Company carries out an annual evaluation of the Board that indirectly measures the actual contribution of each director in ensuring that the Board functions smoothly both in general and within the Committees. Furthermore, the regular attendance and involvement of each director in the discussions and decisions can be used to assess their individual contributions. The Company considers that this evaluation is appropriate and sufficient given the Board's legal status and, in particular, given its collegial way of operating, and does not find it appropriate to conduct a formal evaluation of each individual director. Furthermore, this kind of evaluation would not reflect the Board's dynamic and active way of operating. The Board has diverse members and representatives of several shareholders whose added value is complementary.
Selection of new directors (17.2.1): The Committee must organize a procedure for the nomination of future independent directors and perform its own review of potential candidates.	The process used by the Company to select directors involves a procedure and reviews of potential candidates conducted in full collaboration with the Appointments, Compensation and Corporate Governance Committee. Potential candidates are reviewed jointly by the Committee and Executive Management. The Company will strive to further strengthen the role of the Appointments, Compensation and Corporate Governance Committee in the procedure for selecting new directors in the future.
Supplementary pension schemes (23.2.6): The increase in potential rights shall only account for a percentage limited to 5% of the beneficiary's compensation.	The supplementary pension scheme implemented by the Group and that benefits in particular the executive corporate officer meets the conditions of the AFEP-MEDEF Corporate Governance Code, except for the fact that the potential increase in benefits is gradual and may exceed 5% of the beneficiary's compensation per year. However, given Frédéric Vincent's number of years of service (28 years including 13 years at Nexans as of the end of 2013), it is deemed that the condition for a gradual increase in benefits is indeed met.

The Company has also identified the following two main points in the recommendations of the AFEP-MEDEF Corporate Governance Code that will come into effect upon appointments or re-elections for upcoming terms, in accordance with the Guidelines for the AFEP-MEDEF Corporate Governance Code:

Recommendation that will come into effect at a later date	The Company's current practices – Explanations
Limits on the number of directorships held by the directors (19): A non-executive director should not hold more than four other directorships in listed corporations, including foreign corporations.	In accordance with the AFEP-MEDEF Corporate Governance Code, the Company plans to focus on this recommendation during the upcoming appointments and re-elections as some directors had more directorships at the end of 2013 than recommended by the Code.
Non-compete indemnities (23.2.5): The Board must incorporate a provision that authorizes it to waive the application of this agreement when the executive director leaves.	The non-compete indemnities adopted in 2009 and from which the Chairman and CEO benefits do not comply with the new recommendation insofar as the non-compete obligation does not include a provision to allow the Board to waive the application of this agreement when the executive director leaves. The Group will pay close attention to this recommendation at the next re-election of the Chairman and CEO.

In accordance with Recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code, the Company will submit to the shareholders the individual compensation of the Chairman and CEO at the Shareholders' Meeting on May 15, 2014.

8. Additional information

To the best of the Company's knowledge, there are no family relationships between Nexans' corporate officers, or any service contracts (other than the employment contract of the director who represents employee shareholders) 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.

In addition, 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 Invexans (Quiñenco Groupe)[1] in February 2008, Nexans undertook to recommend at the Annual Shareholders' Meeting that Invexans appoint a director and that this director remain a representative on the Board for as long as Invexans retains 50% of its initial stake in Nexans, i.e., 1.25 million shares. Under the agreement dated March 27, 2011, amended on November 26, 2012, Nexans undertakes to ask shareholders to appoint members proposed by Invexans so that Invexans maintains three seats on the Board throughout the life of the 10-year agreement as of November 26, 2012 (unless Invexans' stake is reduced to less than 20%). The March 27, 2011 agreement as amended entails, furthermore, Invexans' commitment to limit its holdings in Nexans to no more than 28% of capital (standstill) and its commitment to retain its holdings in Nexans at a minimum of 20% (25% if Invexans crosses upwards the 25% threshold). As recalled in paragraph 5 above, voting rights expressed by each shareholder in the Meeting, including by Invexans, are limited to 20% for structuring operations.

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.

(1) Previously Madeco.

II. Internal control and risk management procedures implemented at Nexans

1. Definitions, scope, objectives and limitations

Risk management relates to a set of measures, behaviors, procedures and actions adapted to each type of company that allows senior managers to keep risk at an acceptable level for the company, in accordance with the definition proposed by the Reference Framework published by the French financial markets authority (AMF) in June 2010 ("Risk management and internal control procedures").

Internal control involves implementing a set of rules, procedures, methods and organizational systems that helps the Group secure the achievement of its objectives and the efficient use of its resources. It aims to reasonably ensure the safeguarding of the Group's assets, reliable reporting of financial and non-financial information and compliance with laws and regulations as well as with the instructions and directional guidelines set by the Group's Management.

The Nexans Group takes a pragmatic approach to internal control and has set up procedures in consideration of the specific aspects of the Group's businesses and practices.

The process and methodology to identify and handle risks and the internal control procedures set out by the Group's Management are shared with and apply to all its entities.

The front line players in internal control and risk management are the local and Group operational managers, who draw on support from the corporate departments.

However, no system of internal control can provide absolute assurance that risks – particularly those related to errors and fraud – have been completely eliminated or brought under control.

2. Control environment

2.1 Code of Ethics and Business Conduct

The Group's Code of Ethics and Business Conduct sets out the values, principles of behavior and rules of conduct with which employees are required to comply within the course of their work. It focuses on the principles of legal and regulatory compliance, fair business practices, transparent information, commitment to the environment, product safety and respect for diversity. All new employees receive a copy of the Code of Ethics and Business Conduct.

2.2 Procedures

The Group has established some 15 key procedures, issued by Executive Management, covering the main areas of ethics, governance and internal control (Code of Ethics, insider trading, competition rules, agent management, contract rules, rules relating to capital expenditure, etc.). Since 2010, the Group has implemented a procedure to limit the powers to make external commitments within entities and to establish a system for the delegation of powers and signing authority.

In accordance with the Group's procedures, each subsidiary must implement all the points set out in the Group's Internal Control Booklet. This manual, updated for the last time in 2011, presents principles and practical recommendations for the main areas of the internal control environment and the segregation of duties, and sets out the main internal controls to be implemented within the operating and financial processes based on the Reference Framework published by the French financial markets authority (AMF) in June 2010.

The Group also drew up an Accounting Manual based on the practices recommended by the Reference Framework published by the French financial markets authority (AMF). This manual is updated regularly by the Consolidation Department to take into account changes in accounting and reporting standards.

In addition, several specific procedures developed by the Finance Department and that apply to all the Group's entities also contribute to risk management and accounting and financial internal control, particularly procedures for reporting, treasury, metals management, credit risk management and physical inventories. Particular attention is paid to the hedging of foreign exchange and commodity risks (e.g., copper and aluminum).

Finally, the Group's other functional departments implement procedures covering areas including communication, purchasing, information systems, quality, intellectual property, insurance, human resources and legal issues. Some of these procedures are then implemented in each country and within each entity.

2.3 Departments involved in internal control and risk management

- Operational and functional managers

The entities' and the Group's business and functional managers, including the Management Board[1] and the Management Council[2], serve as the first line in managing risks insofar as internal controls and risk management are incorporated into the systems and processes for which they are responsible.

(1) Chaired by the Chairman and CEO, the Management Board brings together the COO, the Senior Corporate Executive Vice President, the CFO, the General Secretary, the Senior Corporate Vice President in charge of Strategy and Development and the Senior Corporate Vice President in charge of Human Resources. It is responsible for defining the Group's strategy, allocation of resources and organization.
(2) Chaired by the Chairman and CEO, the Management Council brings together the members of the Management Board, the Group's main functional departments, as well as Executive Vice Presidents in charge of areas, business groups and market lines. Its role is to reflect on, debate and discuss the challenges facing the Group.

The Group's Management defines the structures, the reporting relationships, as well as the powers and the appropriate responsibilities to achieve the goals of internal control and risk management. It organizes assessments – carried out by internal audit, by the Group Risk Management Department or by an independent third party – to ensure that the elements of internal control and risk management are in place and function effectively. It ensures that the major risks identified are taken into account in the Group's management.

Through a cascading structure of responsibility, managers are responsible for identifying, assessing, overseeing and mitigating risks within their scope of responsibility. They are directly in charge of ensuring the day-to-day implementation and effectiveness of the internal control and risk management procedures established by the Group. They must put in place relevant oversight controls to identify internal control deficiencies and inadequate processes – particularly as regards the objectives and the procedures defined by the Group's Management, compliance with the Code of Ethics and Business Conduct, and with laws and regulations – as well as unexpected events or changes that could have a significant impact on the internal control system or their risk management. They are responsible for implementing appropriate corrective measures if issues are encountered with the internal control and risk management procedures.

- The Group Risk Management Department

The Group Risk Management Department defines, deploys and coordinates the Risk Management procedures and provides a consistent methodological framework. It ensures that risk management procedures are consistent with other strategies put in place by management. These procedures are set out in "The Nexans Group Risk Management and Internal Control Charter." In order to ensure consistency, the Group Risk Management Department handles insurance plans and optimizes the coverage of risks that have been analyzed.

The Department regularly presents the Group's risk management activities to the key managerial bodies: corporate and operational departments, the Management Council, and the Management Board, which is responsible for managing and ensuring the relevance of the procedures. These procedures are overseen by the Accounts and Audit Committee.

The Group Risk Management Department reports to the General Secretary and liaises with the Group Internal Control Department and the Internal Audit Department on a regular basis.

- Group Internal Control Department

In 2013, Nexans created a Group Internal Control Department to provide the pre-existing Internal Control system with a dedicated leader and coordinator.

This Department reports to the Chief Financial Officer and liaises with the Risk Management and Internal Audit Departments on a regular and consistent basis. It also communicates regularly with the Group's functional departments regarding controls over those processes that such departments oversee.

The Internal Control Department defines, deploys and drives the internal control process throughout the Group. The directional guidelines of the Group Internal Control system are set out in "The Nexans Group Risk Management and Internal Control Charter."

The Group's Internal Control Department manages the drafting and regular update of Group policies and tools designed to improve internal control. It provides assistance to the operational and functional departments with front-line responsibility over internal control. It participates on an ad hoc basis in reviewing existing internal control procedures and resolving internal control issues. It helps share good practices identified in the area of internal control, offers continuing education for those involved in internal control, and contributes to constantly improving procedures and fostering a strong internal control culture at Nexans.

The role of the Group Internal Control Department – as coordinator and leader of the Internal Control system – is relayed to the different levels of the organization by the finance managers of the areas and the countries.

- The Internal Audit Department

In accordance with good corporate governance practices, the Internal Audit Department reports to the Chairman and CEO. It has a dotted-line reporting relationship with the Finance Department.

The Internal Audit Department, whose responsibilities are set out in the Internal Audit Charter, helps the Group to achieve its objectives by systematically and methodically assessing the proper implementation and effectiveness of a set of internal control, risk management and corporate governance procedures and processes. It identifies weak points in these systems, makes proposals to improve their effectiveness and monitors the audit issues until they are resolved. The ongoing responsibilities of the Internal Audit Department include conducting financial audits and operational audits, implementing self-assessments using questionnaires to provide an overview of the level of maturity of a particular process within the Group, proposing corrective measures, and identifying and promoting best practices.

A four- to five-year audit plan is drawn up to audit all the Group's entities based, in particular, on the Group's risk mapping. The audit plan is updated annually. It is reviewed by the Management and by the Accounts and Audit Committee. Audit assignments aim in particular to ensure that measures implemented by auditees are adequate based on the procedures and processes defined by the Group.

After each audit is conducted, the Internal Audit Department issues a report containing recommendations which are subject to a formal and systematic follow-up. In addition, the Internal Audit Department submits a summary of its work twice a year to the Accounts and Audit Committee, and once a year to the Board of Directors.

During 2013, audits assessing compliance with Group's procedures were conducted in certain subsidiaries in France and abroad. A number of specific audit engagements were also carried out, notably in relation to monitoring the implementation of the Competition Compliance Program and overseeing capital expenditure in liaison with the Industrial Management Department.

- The Ethics Officer

A reporting management procedure was put in place in 2011 for issues related to the Code of Ethics and Business Conduct. An Ethics Officer was thus appointed to manage the handling of any ethics-related issues reported, ensure that any issues are verified and that appropriate decisions are taken and corrective measures are put in place if necessary.

- Functional departments

Functional departments (HR, legal, finance, etc.) provide – at Group, area and country level – the framework for internal control in their area of expertise and help implement it when controls are integrated into operations carried out by business / front-line teams. In particular, support functions design the internal control policies and procedures that fall within their expertise, help analyze operational risks and monitor and keep the organization informed of changes to laws and regulations.

In addition, the Group's functional departments and their correspondents at the different levels within the organization are responsible for ensuring, for their area of expertise, that the first line of defense regarding risk management and internal control is properly designed, in place, and functioning as expected.

The Group's functional departments thus contribute to the overall internal control process by providing the cross-business approach required in order for the Group to function effectively.

- The Finance Department includes the Internal Control Department presented above as well as six corporate departments: the Financial Control Department, the Consolidation Department, the Treasury and Financing Department, the Non-Ferrous Metals Management Department, the Tax Department and the Financial Transactions Department. These six functional departments play a key role in the internal control and risk management systems, particularly through the guidelines and procedures that they establish, their monitoring of accounting and financial requirements, the analyses and controls that they perform on the financial statements and other financial reporting information from the units.

  The Finance Departments in each country report to the Country Manager and have a dotted-line reporting relationship with the Group Finance Department, thereby seeking to ensure satisfactory coordination and processing of financial information.

- The Legal Department reports to the General Secretary's Department, as does the Group Risk Management Department. The Legal Department defines the Group's legal policy and offers legal support to the Group's activities.

- The Strategy and Business Development Department is responsible for guiding the definition and implementation of the Group's strategic priorities. Its role particularly includes driving and facilitating the strategic plan process, following its implementation, and identifying opportunities for growth.

- The Purchasing Department is responsible for selecting suppliers that provide materials, equipment and services required for the Group to function smoothly. The responsibilities of the Group's Purchasing Department include selecting suppliers as well as negotiating and drawing up contracts, and monitoring and assessing each supplier. It oversees the purchasing process for the Group as a whole and defines and verifies the implementation of Group purchasing methods and procedures.

- The Industrial Management Department 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 is involved in the industrial risk prevention policy through its Health, Safety & Environment unit, and by working with the Senior Corporate Vice President, Insurance, and the risk prevention engineering and consulting service of the "property damage and business interruption" insurer.

- The Human Resources Department is in charge of defining and coordinating the Group's Human Resources policies and handles relations with employee representatives at the European level. It is also tasked with coordinating the international network of Human Resources Directors.

- The Information Systems Department is responsible for defining the Group's IT policy and overseeing its implementation. It helps protect the Group's information, puts in place control procedures and mechanisms to manage the information systems on a continuous basis, and ensures that the Group's business processes function smoothly.

- The Communications Department manages all of the Group's communications – encompassing sales, corporate, internal, press, and new media – in collaboration with the other functional departments concerned.

- The Technical Department oversees all the Group's research and development projects, in particular through its Competence Centers and the Research Center.

3. Risk management

The Group has put in place risk management procedures to prevent and manage the risks related to its activities. Such risk may affect people, the environment, the Group's assets, its reputation, or even prevent the Group from reaching its objectives. These procedures enable the Group to understand the risks to which it is exposed and to better control these risks so that it can deploy its strategy properly.

The Group's risk management procedures are a key part of its governance. They are implemented by operational staff, organized by the Group Risk Management Department and monitored by the Board of Directors and its Accounts and Audit Committee, the Management Board and the Management Council.

The risk management procedures provide a systematic approach to identify, assess, prioritize and deal with the main risks to which the Group is exposed, and to monitor risk exposure over time. These procedures help operational staff understand and take account of risk in their day-to-day management, and ensure that relevant coverage plans, controls and monitoring procedures are put in place – in line with the levels of risk appetite set out by the Group.

Risk management at Nexans also involves various Committees (described below) and draws on specific procedures (see section 2.2 above).

3.1 Process and risk mapping

The risk management process is a continuous improvement drive that goes from defining the strategy all the way to implementing it. It covers all the risks – past, present and future – surrounding the Group's activities.

It must help each entity to better manage its objectives and ensure that it continues to add value to the Group. It enables managers to make more reliable decisions at every level and have a clear picture of the risks related to their activities.

The ongoing risk identification process draws on targeted risk mapping procedures for major risks, both at entity and Group level.

Entities, and/or countries, and/or activities, and the functional departments work with the Group Risk Management Department to develop a risk map for each of their activities. The major risks identified are presented in a risk summary. Over the course of the following year, the Group monitors how these risks are handled. All the Group's entities should be reviewed on a rotating basis over a five-year period.

A Group risk mapping process is performed at least every two years. The aim of this process is to identify risks and areas of risk brought to attention by the Group's Executive Management, contextualize the related controls currently in place and evaluate the potential impact of these risks on the Group's financial position. The risk map is used as a basis for preparing the Group's annual audit plan and expert workshops coordinated by the Head of Group Risk Management. A new risk mapping process was implemented by the Group in 2013.

3.2 Workshops for monitoring and handling major risks

The Group instituted expert workshops bringing together operational staff and members of functional departments to analyze the Group's main identified risks through risk mapping so that procedures and processes could be improved.

The purpose of these workshops – which are coordinated by the Group Risk Management Department – is to propose solutions to remedy the risks or limit the impact of the main risks that have been identified. The summary report of the activity of these workshops and their recommendations are monitored by the Management Council. The findings are presented to the Accounts and Audit Committee.

In 2013, expert workshops proposed improvements in investment decision processes, the integration of newly-acquired companies and the management of metal risks.

3.3 Special committees that help manage risk

The Group has set up several committees that help identify and/or monitor the main risks.

- The Disclosure Committee comprises the General Secretary & General Counsel, Chief Financial Officer, Head of Financial Control, Head of Consolidation, as well as the Corporate and Securities Counsel, Head of Internal Audit, Head of Group Risk Management, Head of Internal Control, Head of Tax and the Area Controllers. The Committee's role is to help identify the main risks surrounding the Group's businesses based on responses provided from the subsidiaries as part of the Group-wide reporting procedure, including in terms of contracts and disputes, to assess their materiality and ensure that risks are communicated properly outside the Group.
- The Tender Review Committee reviews the commercial, legal, financial, and technical terms and conditions of all bids in excess of 5 million euros. This Committee is chaired by the Chairman and CEO (when a bid exceeds 50 million euros) and comprises the COO, Senior Corporate Executive Vice President, Executive Vice President of the Area concerned, as well as the General Secretary/General Counsel, Chief Financial Officer and Head of Group Risk Management.
- The Mergers & Acquisitions Committee reviews and approves (provided that the Board approves projects with a unit value higher than 50 million euros) any potential business acquisition or divestment projects, or possible strategic alliances or partnerships. This Committee is chaired by the Chairman and CEO and its other members are the COO, Senior Corporate Executive Vice President, General Secretary/General Counsel, Chief Financial Officer, Head of Tax, Head of Financial Transactions, Head of Strategy and the Executive Vice Presidents of the Areas concerned by the project.
- The CSR Committee – monitors the Group's various CSR initiatives and sets out its sustainable development policies. The Corporate Social Responsibility Committee is chaired by the Chairman and CEO and is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee[1].

(1) See section 9 of the 2013 Management Report for a description of the organization of the Sustainable Development/CSR function.

Other committees help manage specific risks. The Careers Committee is dedicated to monitoring the career paths of the Group's key senior managers, while the IS/IT Oversight Committee (IT infrastructure and Information Systems) proposes an IT policy for the Group and oversees its rollout.

3.4 Specific procedures that help manage certain risks

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 specific procedures for managing non-ferrous metals, which is overseen by a team reporting to the Group Finance Department (see Notes 25(d) and 25(f) to the 2013 consolidated financial statements).

The Non-Ferrous Metals Management Department defines policies and provides support and technical advice to the Group's entities to hedge its metal needs. It also centralizes and manages the use of derivatives on organized markets for the majority of the Group's business units.

Centralized cash management

The Treasury and Financing Department (Nexans Services) sets out the treasury and financing policies of the subsidiaries and provides support and advice to the entities to help them manage their foreign exchange risk. It helps set up the Group's financing plans (see Note 25 to the 2013 consolidated financial statements) and, for the subsidiaries that allow this kind of organization, pools their resources and financing needs, and performs foreign exchange hedging and makes payments in foreign currencies for these entities.

Crisis management

The Group has drawn up a crisis management procedure and created a specific crisis management unit. Biannual simulations are used to train the members of this unit. Crisis simulation exercises were conducted in 2007, 2010 and in 2012. In addition, a supplemental Crisis Communication procedure was released in 2012 and is available to all Group employees.

4. Preparation and processing of financial and accounting information

Control activities are based on a financial and accounting reporting system and a set of internal control procedures.

4.1 Process for the preparation of financial and accounting information

Financial and accounting information is generated in consolidated form as follows.

All information relating to summary financial statements 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.

The breakdown by market line is based on the information from the internal reporting system. 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 income statement and the statement of financial position.

Based on the Group's three-year Strategic Plan, which sets out the main strategic and financial directional guidelines, each unit establishes an annual budget by market line in the last quarter of every year. The budget is discussed by both local and area Management and is submitted to the Group's Management for final approval. The Group's budget is presented each year to the Board of Directors. It is then broken down into monthly figures.

Each month, the units prepare a report broken down by market line, the results of which are analyzed by Management as part of the quarterly business review. The figures are compared with the budget, with new year-end forecast data and with actual data for the previous year. The consolidated results by area and by market line are analyzed with the Group's Management at area meetings.

A consolidated accounts closing procedure is carried out on a quarterly basis and a specific procedure is applied at the end of each half-year to review and analyze financial statements. This specific half-year procedure involves meetings which are attended by the Group Finance Department, the Finance Departments from the countries of the Group's main operating subsidiaries and the financial controllers for the areas concerned. These meetings also provide an opportunity to review the various main points to be considered for the upcoming 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 Departments, and the Group General Secretary's Department. This information is set out in the Notes to the Group's consolidated financial statements.

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 – for the scope for which they are responsible – a written commitment concerning the quality and completeness of the financial information reported to the Group departments and concerning the existence of adequate internal control procedures that are effectively implemented.

4.2 Main internal control procedures for financial and accounting information

The Group's Finance Department keeps the Group Accounting Manual and the Internal Control Booklet, presented above, up-to-date.

It has also drawn up procedures for the main areas that fall within its purview, particularly procedures for reporting, treasury, metals management, credit risk management and physical inventories.

The Group's Finance Department also seeks to ensure at all times that there are clear procedures to deal with sensitive issues or financial risk factors identified (described in the Management Report) that are specific to the Nexans Group's 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, for which specific reporting procedures are in place at business unit level. These risks are controlled and analyzed by both the Treasury and Financing Department and the Non-Ferrous Metals Management Department.

The Internal Audit Department performs controls to ensure that adequate internal controls are in place and function effectively and that Group procedures are complied with.

5. Oversight of internal control

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, the Accounts and Audit Committee monitors the process for preparing the financial information and the effectiveness of internal control and risk management systems. Each year, the internal audit plan is reviewed by the Accounts and Audit Committee and the Committee is given a presentation on the main conclusions every six months. The Board of Directors contributes to monitoring internal control through the work and reports of the Accounts and Audit Committee.

The Internal Audit Department contributes to the surveillance of the internal control system through the assignments it performs and the reports it draws up, as well as by monitoring the implementation of recommendations issued.

In addition, the Group's Management carries out its oversight role for internal control, notably through reviews with the Head of Group Risk Management, regular business reviews for the Group, and performance-indicator monitoring.

February 10, 2014

Frédéric Vincent,
Chairman and CEO

STATUTORY AUDITORS' REPORT, PREPARED ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF NEXANS

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.

For the year ended December 31, 2013

To the Shareholders,

In our capacity as Statutory Auditors of Nexans, 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, 2013.

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, February 10, 2014
KPMG Audit
A department of KPMG S.A.

Valérie Besson
Partner

Neuilly-sur-Seine, February 10, 2014
PricewaterhouseCoopers Audit

Éric Bulle
Partner

Consolidated Statements

CONSOLIDATED **INCOME STATEMENT**

(in millions of euros)	Notes	2013	2012
NET SALES	(1.e.a) and (3)	6,711	7,178
Metal price effect(1)		(2,022)	(2,306)
SALES AT CONSTANT METAL PRICES(1)	(1.e.a) and (3)	4,689	4,872
Cost of sales		(5,950)	(6,353)
Cost of sales at constant metal prices(1)		(3,928)	(4,046)
GROSS PROFIT		761	825
Administrative and selling expenses(2)		(514)	(548)
R&D costs		(76)	(75)
OPERATING MARGIN(1)	(1.e.b) and (3)	171	202
Core exposure effect(3)	(1.e.c)	(41)	(11)
Net asset impairment	(1.f.c) and (7)	(130)	(20)
Changes in fair value of non-ferrous metal derivatives		(2)	(1)
Net gains (losses) on asset disposals	(6)	1	(1)
Acquisition-related costs		(0)	(6)
Restructuring costs	(22.b)	(180)	(21)
Reserve for risk related to EU antitrust procedure	(30.a)	-	-
Share in net income (loss) of associates(4)	(14)	(1)	0
OPERATING INCOME (LOSS)		(182)	142
Cost of debt (gross)		(95)	(96)
Income from cash and cash equivalents		5	6
Other financial expenses	(5)	(19)	(22)
INCOME (LOSS) BEFORE TAXES		(291)	30
Income taxes	(9)	(39)	(5)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		(330)	25
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		(330)	25
- attributable to owners of the parent		(333)	27
- attributable to non-controlling interests		3	(2)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	(10)		
- basic earnings (loss) per share		(10.66)	0,91
- diluted earnings (loss) per share		(10.66)	0,90

(1) Performance indicators used to measure the Group's operating performance.
(2) For 2013, this line includes a non-recurring impact of 30 million euros due to defined benefits pension plan settlement and curtailment effects in Norway and the US.
(3) Effect relating to the revaluation of Core exposure at its weighted average cost (see **Note 1.e.c**).
(4) The share in net income (loss) of associates whose operating activities are an extension of those of the Group has been reclassified within "Operating income (loss)".

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

(in millions of euros)	**2013**	2012
NET INCOME (LOSS) FOR THE YEAR	(330)	25
Recyclable components of the comprehensive income	(205)	25
- Available-for-sale financial assets	0	0
- Currency translation differences	(144)	(13)
- Cash flow hedges	(61)	38
Tax impacts on recyclable components of the comprehensive income[1]	17	(12)
Non recyclable components of the comprehensive income	12	(75)
- Actuarial gains and losses on long-term benefits	12	(75)
- Share of other non recyclable comprehensive income of associates	-	-
Tax impacts on non recyclable components of the comprehensive income[1]	(4)	17
Total other comprehensive income (expense)	(180)	(45)
Total comprehensive income (loss)	**(510)**	**(20)**
- attributable to owners of the parent	(513)	(18)
- attributable to non-controlling interests	3	(2)

(1) Notes 9.c and 9.d provide a breakdown of the tax impacts on other comprehensive income.

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

ASSETS

(at December 31, in millions of euros)	Notes	2013	2012
Goodwill	(11)	414	509
Other intangible assets	(12)	223	238
Property, plant and equipment	(13)	1,135	1,256
Investments in associates	(14)	14	13
Other non-current financial assets	(15)	51	50
Deferred tax assets	(9.d)	120	141
Other non-current assets		7	3
NON-CURRENT ASSETS		1,964	2,210
Inventories and work in progress	(17)	1,031	1,125
Amounts due from customers on construction contracts	(16)	218	335
Trade receivables	(18)	1,012	1,080
Other current financial assets	(19)	88	113
Current income tax receivables		28	31
Other current non-financial assets		103	112
Cash and cash equivalents	(23)	987	847
Assets and groups of assets held for sale	(8)	30	1
CURRENT ASSETS		3,497	3,644
TOTAL ASSETS		**5,461**	**5,854**

EQUITY AND LIABILITIES

(at December 31, in millions of euros)	Notes	2013	2012
Capital stock		42	30
Additional paid-in capital		1,569	1,301
Retained earnings and other reserves		(61)	275
Other components of equity		(1)	187
Equity attributable to owners of the parent		1,549	1,793
Non-controlling interests		51	50
TOTAL EQUITY	(20)	1,600	1,843
Pension and other retirement benefit obligations	(21)	382	444
Other long-term employee benefit obligations	(21)	16	19
Long-term provisions	(22)	32	232
Convertible bonds	(23)	445	433
Other long-term debt	(23)	604	595
Deferred tax liabilities	(9.d)	82	114
NON-CURRENT LIABILITIES		1,561	1,837
Short-term provisions(1)	(22)	394	77
Short-term debt	(23)	275	425
Liabilities related to construction contracts	(16)	126	210
Trade payables		1,108	1,136
Other current financial liabilities	(24)	93	65
Accrued payroll costs		205	202
Current income tax payables		25	28
Other current non-financial liabilities		44	31
Liabilities related to groups of assets held for sale	(8)	30	0
CURRENT LIABILITIES		2,300	2,174
TOTAL EQUITY AND LIABILITIES		**5,461**	**5,854**

(1) Including a 200 million euro provision set aside in the first half of 2011 to cover the risk relating to the European Commission's proceedings for anticompetitive behavior.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock
January 1, 2012	28,723,080	29	1,286	-
Net income (loss) for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans[1]:				
- Service cost	-	-	-	-
- Proceeds from share issues	670,962	1	15	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
December 31, 2012	29,394,042	30	1,301	-
Net income (loss) for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	12,612,942	13	267	-
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans:				
- Service cost	-	-	-	-
- Proceeds from share issues	36,161	0	1	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
December 31, 2013	42,043,145	42	1,569	-

(1) Including the impact of the Act 2012 plan (see **Note 20**).

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
308	(19)	193	1,797	35	1,832
27	-	-	27	(2)	25
(58)	26	(13)	(45)	0	(45)
(31)	26	(13)	(18)	(2)	(20)
(32)	-	-	(32)	(1)	(33)
-	-	-	-	-	-
25	-	-	25	-	25
3	-	-	3	-	3
-	-	-	16	-	16
-	-	-	-	-	-
2	-	-	2	18	20
275	7	180	1,793	50	1,843
(333)	-	-	(333)	3	(330)
8	(44)	(144)	(180)	(0)	(180)
(325)	(44)	(144)	(513)	3	(510)
(15)	-	-	(15)	(1)	(16)
-	-	-	280	-	280
-	-	-	-	-	-
3	-	-	3	-	3
-	-	-	1	-	1
-	-	-	-	-	-
1	-	-	1	(1)	(1)
(61)	(37)	36	1,549	51	1,600

CONSOLIDATED STATEMENT OF **CASH FLOWS**

(in millions of euros)	Notes	2013	2012
Net income (loss) attributable to owners of the parent		(333)	27
Net income (loss) attributable to non-controlling interests		3	(2)
Depreciation, amortization and impairment of assets (including goodwill)[1]		278	167
Cost of debt (gross)		95	96
Core exposure effect[2]		41	11
Other restatements[3]		133	(3)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[4]		217	296
Decrease (increase) in receivables		64	110
Decrease (increase) in inventories		(18)	(19)
Increase (decrease) in payables and accrued expenses		33	(100)
Income tax paid		(36)	(73)
Impairment of current assets and accrued contract costs		(3)	(17)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		40	(99)
NET CASH GENERATED FROM OPERATING ACTIVITIES		257	197
Proceeds from disposals of property, plant and equipment and intangible assets		5	5
Capital expenditures[5]		(194)	(166)
Decrease (increase) in loans granted and short-term financial assets		(10)	46
Purchase of shares in consolidated companies, net of cash acquired	(2) and (11)	(8)	(289)
Proceeds from sale of shares in consolidated companies, net of cash transferred	(2) and (11)	2	1
NET CASH USED IN INVESTING ACTIVITIES		(205)	(403)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		52	(206)
Proceeds from long-term borrowings	(23)	3	526
Repayments of long-term borrowings	(23)	(0)	(1)
Proceeds from (repayment of) short-term borrowings	(23)	(114)	(259)
- of which repayment of the OCEANE 2013 convertible/exchangeable bonds		*(85)*	*(241)*
Cash capital increases (reductions)[6]		281	16
Interest paid		(64)	(73)
Dividends paid		(15)	(33)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		91	176
Net effect of currency translation differences		7	7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		150	(23)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		818	840
CASH AND CASH EQUIVALENTS AT YEAR-END		968	817
of which cash and cash equivalents recorded under assets		987	847
of which short-term bank loans and overdrafts recorded under liabilities		(19)	(30)

(1) Including the portion of restructuring costs corresponding to impairment of non-current assets.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see Note 1.f.d).
(3) Other restatements in 2013 primarily included (i) a positive 39 million euros in relation to offsetting the Group's income tax charge and (ii) a positive 92 million euros to offset the net change in operating provisions (including provisions for pensions, restructuring costs and impairment losses on assets held for sale). Other restatements in 2012 included (i) a positive 5 million euros in relation to offsetting the Group's income tax charge and (ii) a negative 7 million euros to cancel the net change in operating provisions (including provisions for pensions and restructuring costs).
(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows relating to restructurings (43 million euros and 27 million euros in 2013 and 2012 respectively), and deducting gross cost of debt and the current income tax paid during the year.
(5) The cash outflows for the construction of the extra high-voltage cable production plant in Charleston in South Carolina amounted to 40 million euros in 2013 and 16 million euros in 2012.
(6) In the second half of 2013, Nexans carried out a rights issue representing a net amount of 279 million euros (see Notes 2 and 20).

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 10, 2014 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 15, 2014 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 at December 31, 2013.

The application of IFRS as issued by the IASB would not have a material impact on the financial statements presented.

The Group has applied all of the following, which were mandatory in 2013:

- Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards: Government Loans.
- Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
- Amendments to IAS 12, Income Taxes – Deferred Tax: Recovery of Underlying Assets.
- Amendments to IFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities.
- IFRS 13, Fair Value Measurement. At December 31, 2013 the Group included the effect of its net exposure to counterparty credit risk when measuring the fair value of its derivatives. However, as the resulting estimates were not material, this effect was not recognized in the financial statements.

For the financial statements at December 31, 2012, the Group early adopted the revised version of IAS 19, Employee Benefits, and the Amendments to IAS 1, Presentation of Items of Other Comprehensive Income.

The Group has not early adopted the following standards, amendments and interpretations, which have been published by the IASB but whose application was not mandatory in 2013:

- IFRS 10, Consolidated Financial Statements.
- IFRS 11, Joint Arrangements.
- IFRS 12, Disclosures of Interests in Other Entities.
- Consequential amendments to IAS 28, Investments in Associates and Joint Ventures, following the publication of IFRS 10, 11 and 12; and Transition amendments for IFRS 10, 11, and 12.
- Amendments to IAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.
- IFRIC 21, Levies (which has not yet been endorsed by the EU).
- Amendments to IAS 36, Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets.

At this stage of its analysis process, the Group does not expect the application of these standards, amendments and interpretations to have a material impact on its consolidated financial statements.

• 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 concern the following items:

- The recoverable amount of certain items of property, plant and equipment, intangible assets and goodwill, and determining the groups of cash generating units (CGUs) used for goodwill impairment testing (see Note 1.f.a, Note 1.f.b, and Note 1.f.c).
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see Note 1.e.e).
- Margins to completion and percentage of completion on long-term contracts (see Note 1.e.a and Note 16).
- The measurement of pension liabilities and other employee benefits (see Note 1.f.i and Note 21).
- Provisions and contingent liabilities (see Note 1.f.j, Note 22 and Note 30).
- The measurement of derivative instruments and their qualification as cash flow hedges (see Note 1.f.k and Note 26).

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.

b. Consolidation methods

The consolidated financial statements include the financial statements of (i) Nexans SA, (ii) the subsidiaries over which Nexans exercises control, and (iii) companies accounted for by the equity method (associates). 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.

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 are classified as associates and accounted for by the equity method. Significant influence is presumed to exist when the Group's direct or indirect interest is over 20%.

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, IAS 28 and IAS 31. A list of the Group's main subsidiaries and associates is provided in Note 32.

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.f.c).

c. Foreign currency translation

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". 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.

Cash flow statement items are also translated at the average annual exchange rate.

Since January 1, 2006, no Group subsidiary has been located in a hyperinflationary economy within the meaning of IAS 29.

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. When these transactions are hedged and the hedge concerned is documented as a qualifying hedging relationship for accounting purposes, the gain or loss on the spot portion of the corresponding derivative directly affects the hedged item so that the overall transaction is recorded at the hedging rate in the income statement.

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".

Foreign exchange derivatives are measured and recognized in accordance with the principles described in Note 1.f.k.

d. Business combinations

Business combinations are accounted for using the acquisition method, whereby the identifiable assets acquired, liabilities assumed and any contingent liabilities are recognized and measured at fair value.

For all business combinations the acquirer must (other than in exceptional cases) recognize any non-controlling interest in the acquiree either (i) at fair value (the "full goodwill" method) or (ii) at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets measured at their acquisition-date fair value, in which case no goodwill is recognized on non-controlling interests (the "partial goodwill" method). 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.

Goodwill, determined as of the acquisition date, corresponds to the difference between:

- The aggregate of (i) the acquisition price, generally measured at acquisition-date fair value, (ii) the amount of any non-controlling interest in the acquiree measured as described above, 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; and

- 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 the income statement (notably the effect of unwinding the discount) or in other comprehensive income as appropriate.

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.

e. Income statement items

a. Sales

Net sales

Net sales (at current metal prices) represent sales of goods held for resale as well as 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 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 receivable, 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 25.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 2013 and 2012, these reference prices were set at 1,500 euros per tonne for copper and 1,200 euros per tonne 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 earnings from construction contracts are recognized on a percentage-of-completion basis. The percentage of completion is determined based on physical criteria as follows:

- For 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 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 to completion 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 (including any potential losses to completion) 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 consolidated 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.

b. 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.f.a).

Share-based payments (see Note 1.f.h), pension operating costs (see Note 1.f.i) 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.e.c); (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, intangible assets or goodwill following impairment tests; (vii) financial income and expenses; (viii) income taxes; (ix) share in net income of associates; and (x) net income from discontinued operations.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also Note 25.d):

- A "price" effect: In the Group's IFRS financial statements non-ferrous metal inventories are measured using the weighted average unit cost method, leading to the recognition of a temporary price difference between the accounting value of the copper used in production and the actual value of this copper as allocated to orders through the hedging mechanism. This difference is exacerbated by the existence of a permanent inventory of metal that is not hedged (called "Core exposure").

  The accounting impact related to this difference is not included in Operating margin and instead is accounted for in a separate line of the consolidated income statement, called "Core exposure effect". Within operating margin – which is a key performance indicator for Nexans – inventories consumed are valued based on the metal price specific to each order, in line with the Group's policy of hedging the price of the metals contained in the cables sold to customers.
- A "volume effect": At the level of operating margin – which is a performance indicator – Core exposure is measured at historic cost, which is close to its LIFO value, whereas at operating income level it is valued at weighted average cost (see Note 1.f.d) in accordance with IFRS. The impact of any changes in volumes of Core exposure during the period is also recorded under "Core exposure effect" in the consolidated income statement. However, this effect is 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 25.d.

Finally, the "Core exposure effect" line also includes any impairment losses recognized on Core exposure.

d. Financial income and expenses

Financial income and expenses include the following:

- financial income from investments of cash and cash equivalents;
- interest expense on debt;
- foreign currency gains and losses arising from transactions not qualified as cash flow hedges;
- additions to and reversals of provisions for impairment of financial investments;
- net interest expense on pension and other long-term employee benefit obligations.

Details on the majority of these items are provided in Notes 5 and 23.

e. Income taxes

The income tax expense for the year comprises current and deferred taxes.

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax base of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12 no deferred tax assets or liabilities are recognized for temporary differences 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 and actuarial gains or losses on pension benefit obligations).

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period 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 (generally covering a five-year period) for the company concerned. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see Note 1.f.c).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The rates applied reflect Management's intentions of how the underlying assets will be realized or the liabilities settled. All amounts resulting from changes in tax rates are recorded either 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.

f. Items recognized in the statement of financial position

a. Intangible assets

See Notes 1.d and 1.f.c for a description of the Group's accounting treatment of goodwill.

Intangible assets are stated at cost less any accumulated amortization and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of 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 five and twenty-five 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 and development costs, to the extent that their cost can be reliably measured and it is probable that they will generate future economic benefits. These assets are amortized by the straight-line method over their estimated useful lives (generally three years).

- Development costs that meet the recognition criteria in IAS 38. Capitalized development costs are amortized over the estimated useful life of the project concerned, from the date the related product is made available. Research costs, as well as development costs that do not meet the recognition criteria in IAS 38, are expensed as incurred. Research and development costs to be rebilled to or by 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".

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.

b. Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of property, plant and equipment rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

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 applied 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 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. In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets.

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.

c. 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 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.

When an analysis of the related context reveals that a CGU, intangible asset with an indefinite useful life or an asset not yet ready for use may have become impaired, the asset concerned is tested for impairment in accordance with IAS 36, based on the following:

- An "Asset CGU" 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). "Goodwill CGUs" (CGUs to which goodwill is allocated) 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.
- 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 process 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" unless they directly relate to a restructuring operation (see Note 1.f.g).

d. Inventories and work in progress

Inventories and manufacturing work in progress are stated at the lower of cost and net realizable value.

The costs incurred in bringing 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, qualifying inventories include 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.f.d) 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 stated in Note 1.f.d, impairment losses on Core exposure are recognized under "Core exposure effect" in the income statement. Any impairment losses related to other categories of inventories are recognized within operating margin.

e. 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.

f. 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 consolidated statement of financial position, bank overdrafts are recorded as current financial liabilities.

g. Assets and groups of assets held for sale

Presentation in the 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, except those for which the Group will remain liable after the related sale as a result of the applicable sale terms and conditions. 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.

In accordance with IFRS 5, assets and groups of assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The potential capital loss arising from this measurement is recognized in the income statement under "Net asset impairment".

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 geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to 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 (loss) from discontinued operations"), which comprises 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 relevant items of the consolidated financial statements.

h. Share-based payments

Stock options, performance shares and free shares may be 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, stock options, performance shares and free shares are measured at fair value at the grant date (corresponding to the date on which the related plan is announced). The Group uses different measurement models to calculate this fair value, notably the Black & Scholes and Monte-Carlo pricing models.

If stock options or share grants are subject to internal performance conditions their fair value is remeasured at the year-end. For plans that are subject to market performance conditions, changes in fair value after the grant date do not affect the amounts recognized in the financial statements.

The fair value of vested stock options, performance shares and free shares 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.

i. Pensions, statutory retirement bonuses and other employee benefits

In accordance with the laws and practices of each country where it 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.f.j):

- 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, projections 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.
- In accordance with the revised version of IAS 19, actuarial gains and losses – resulting from experience adjustments and the effects of changes in actuarial assumptions – are recognized as components of other comprehensive income that will not be reclassified to the income statement, and are included in “Changes in fair value and other” within equity.
- 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 net 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 present value of available refunds and reductions in future contributions to the plan, less the present value of any minimum funding requirements.

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. They are recognized in the consolidated statement of financial position under “Other long-term employee benefit obligations”. Actuarial gains and losses on provisions for jubilee benefits are recorded in the income statement.

In the event of an amendment, curtailment or settlement of a defined benefit pension plan, the Group’s obligation is remeasured at the date when the plan amendment, curtailment or settlement occurs and the gain or loss on remeasurement is included within operating margin. When a defined benefit pension plan is subject to a reduction in liquidity or an amendment as a result of a restructuring plan, the related impact is presented in “Restructuring costs” in the income statement.

The financial component of the annual expense for pensions and other employee benefits (interest expense after deducting any return on plan assets calculated based on the discount rate applied for determining the benefit obligations) is included in other financial expenses (see Note 5).

j. 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 effect of unwinding the discounting is recognized as a financial expense and the effects of any changes in the discount rate are recognized in the same account as that through 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.f.i.), costs for unworked notice periods, training costs of employees whose employment contracts have been terminated, and other costs directly 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. In the consolidated statement of financial position, this type of impairment is presented as a deduction from the related non-current and current assets.

k. 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.

i. Convertible bonds and other borrowings

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 as the conversion option meets 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.

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.

ii. Put options given to minority shareholders

Put options given to minority shareholders in subsidiaries are recognized as financial liabilities at their discounted value. In accordance with the revised version of IFRS 3, the impact of changes in the exercise price of these options is recognized in equity.

iii. Derivative instruments

Only derivatives negotiated with external counterparties are deemed as eligible for hedge accounting.

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". Any gains or losses previously recognized in equity are reclassified to the income statement in the period in which the hedged item 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.

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". Any gains or losses on the hedging instrument previously recognized in equity are reclassified 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 "ineffective" portion of the realized or unrealized gain or loss, which is recognized in the income statement as financial income or expense.

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.

The Group 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). 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 are used to hedge future transactions (mainly purchases of copper wires and cathodes) that are highly probable but not yet invoiced, and 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 gain or loss on the hedging instrument, which is recognized directly in equity under "Changes in fair value and other". The corresponding realized loss or gain is recognized within operating margin.
- The "ineffective" portion of the unrealized gain or loss, which is recognized in the consolidated income statement under "Changes in fair value of non-ferrous metal derivatives". The corresponding realized loss or gain is recognized within operating margin, which, in accordance with the Group's management model, includes all of the realized impacts of non-ferrous metals.

The majority of the metal derivatives used by the Group qualify as hedges in view of the number of Group entities that are now permitted to use hedge accounting.

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.

Note 2: Significant events of the year

a. Governance and Executive Management

Board of Directors

In March 2013, the Company set up a Strategy Committee comprising the Chairman and Chief Executive Officer and four other directors.

In addition, at the Annual Shareholders' Meeting held on May 14, 2013, Nexans' shareholders re-elected as directors Jérôme Gallot and Francisco Pérez Mackenna – proposed by Nexans' principal shareholder, Invexans (formerly Madeco, Quiñenco group) – in accordance with the shareholders' agreement entered into with Nexans. At the same meeting, based on recommendations by Invexans, the shareholders also elected Andrónico Luksic Craig (proposed by the Quiñenco group) as a director, to replace Guillermo Luksic Craig, who passed away. Nexans' Board of Directors has comprised 14 members since the close of that meeting.

The Group's governance structure

In the summer of 2013, Arnaud Poupart-Lafarge joined the Group as Chief Operating Officer with a view to strengthening Nexans' Executive Management and helping accelerate the deployment of the Group's strategic initiatives.

At end-November 2013, the structure and membership of the Management Board (formerly called the "Management Committee") were changed. The Management Board's objective is to determine the Group's strategy as well as its resource allocation policies and organizational structure. It is chaired by Frédéric Vincent, Chairman and Chief Executive Officer, and comprises the following other members: Arnaud Poupart-Lafarge (Chief Operating Officer), Pascal Portevin (Senior Corporate Executive Vice President), Anne-Marie Cambourieu (Senior Corporate Vice President, Human Resources), Benjamin Fitoussi (Senior Corporate Vice President Strategy & Development), Nicolas Badré (Chief Financial Officer), and Patrick Noonan (General Counsel).

b. Reorganization of the Group's operations in Australia

Following a sharp deterioration in the macroeconomic context in Australia, the Group performed a strategic analysis and decided to make significant changes to its operational structure in the region. As a result, the Group recorded an 80 million euro impairment loss for the "Australia" cash-generating unit (CGU) at June 30, 2013:

- The "Australia" CGU corresponds to the activities of Nexans Olex in Australia and New Zealand.
- Like many other manufacturing companies in Australia, in recent years Nexans Olex has been confronted with tough competition from outside the region, exacerbated by the stronger Australian dollar and the elimination of import taxes.
- More recently, and particularly in the first half of 2013, the macroeconomic environment has worsened significantly, which has impacted the entity's three main markets: growth in the mining

business came to a sudden halt, the non-residential construction sector experienced a sharp slowdown, and reorganization plans were implemented by energy operators following a steep falloff in electricity consumption.

- In response to this difficult situation, Nexans launched a strategic analysis in order to put in place an appropriate action plan for the requisite change measures. The underlying objectives of this plan are to more deeply integrate Australian operations into the regional supply chain, cut costs drastically, and streamline the manufacturing and purchasing processes. The rollout phase of the plan was under way at end-2013.

c. Reorganization of the Group's operations in Europe in order to maintain its competitiveness

Nexans operates in a global cable market which is currently facing a number of major challenges. This is particularly the case in Europe, where a lack of growth, overcapacity and fierce competition mean that the Group needs to take measures to address the situation. Consequently, in order to restore its competitiveness, as from the second quarter of 2013, the Group's entities began to draw up a draft cost-savings plan for their operations in Europe. The plan aims to maintain the Group's competitiveness in Europe and enable it to respond to the new market context by focusing on a number of different objectives:

- Streamlining the manufacturing base of the Group's Industry division in Europe.
- Optimizing the organizational structure and production sites of the land high-voltage business.
- Streamlining and adapting support functions in line with the requirements of the Group's European subsidiaries.
- Increasing R&D resources.

The plan concerns all of the Group's countries of operation in Europe but primarily France, Germany, Switzerland, Italy and Belgium. The measures adopted would lead to 468 job cuts in Europe but would also involve the transfer of 462 jobs and the creation of 39 new positions. Internal mobility – which the Group's European subsidiaries will do all they can to facilitate – is a key factor of the overall plan.

At December 31, 2013 a restructuring provision was recorded in each country concerned, representing an aggregate 112 million euros. An additional expense of 4 million euros was also recognized during the period in relation to this plan.

d. Rights issue

On October 15, 2013 the Company launched a share issue to be paid up in cash, with pre-emptive subscription rights for existing shareholders. The aim of the issue was to enable Nexans to strengthen its financial structure, sustain its credit profile, and offer flexibility for the deployment of the Group's strategic initiatives. The details of the issue are provided in the prospectus approved by the AMF on October 14, 2013 under number 13-541.

The final gross proceeds of the issue amounted to 283,791,195 euros, and it involved the issuance of 12,612,942 new shares.

Total demand for the issue amounted to approximately 582 million euros, corresponding to a take-up rate of around 205%. 12,260,265 new shares were taken up by shareholders exercising their pre-emptive subscription rights in proportion to their shareholdings (à titre irréductible), representing approximately 97.2% of the total number of shares issued. Demand from shareholders wishing to take up a number of shares in excess of their entitlements under their pre-emptive rights (à titre réductible) represented a total of 13,618,412 shares, and therefore could only be partially met through the allocation of the remaining 352,677 new shares.

Settlement and delivery and the listing of the new shares on NYSE Euronext in Paris (compartment A) took place on November 8, 2013. At that date, the Company's share capital was made up of 29,430,203 shares with a par value of 1 euro each, representing a total amount of 29,430,203 euros.

The new shares carried immediate dividend rights and rank pari passu with the Company's existing ordinary shares already listed on NYSE Euronext in Paris under ISIN code FR0000044448.

The capital increase resulting from this rights issue will enable Nexans to:

– Strengthen its financial structure by:
  - improving the capital structure which has been impacted by various non-recurring items (e.g., adoption of IAS 19R, impact of changes in exchange rates and metals prices on the fair values of derivatives, and changes in foreign currency translation reserves);
  - reducing the net debt/EBITDA and net debt/equity ratios.

– Sustain its credit profile by:
  - helping to maintain credit ratings and optimizing finance costs, in particular – subject to market conditions – through repurchases or repayments of local borrowings (which could amount to approximately 100 million euros) or of the Group's financial instruments;
  - increasing financial flexibility by providing long-term access to diversified sources of financing.

– Offer flexibility in the deployment of the Group's strategic initiatives.

e. Investigations by the EU antitrust authorities

On July 5, 2011, the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition relating to alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services.

The details of the investigations and the various procedural stages are described in Note 30.

As the outcome of the proceedings will likely be known within 12 months, the 200 million euro provision recognized in connection with the investigations has been reclassified as a short-term provision in the 2013 consolidated financial statements.

Note 3: Operating segments

The Group has the following three reportable segments within the meaning of IFRS 8 (after taking into account the aggregations authorized by the standard):

- "**Transmission, Distribution & Operators**", comprising power cables for energy infrastructures (low-, medium- and high-voltage cables and related accessories), as well as copper and optical fiber cables for public telecommunications networks.
  The "Transmission, Distribution & Operators" reportable segment is made up of four operating segments: power cables, power cable accessories, cables for telecom operators, and high-voltage & underwater cables.

- "**Industry**", comprising specialty cables for industrial customers, including harnesses, and cables for the shipbuilding, railroad and aeronautical manufacturing industries, the oil industry and the automation manufacturing industry.
  The "Industry" reportable segment is made up of three operating segments: harnesses, industrial cables, and infrastructure & industrial projects.

- "**Distributors & Installers**", comprising equipment cables for the building market as well as cables for private telecommunications networks.
  The "Distributors & Installers" reportable segment is made up of a single operating segment, as the Group's power and telecom (LAN) products are marketed to customers through a single sales structure.

The Group's segment information also includes a column entitled "**Other**" which corresponds to (i) certain specific or centralized activities carried out for the Group as a whole which give rise to expenses that are not allocated between the various segments, and (ii) the Electrical Wires business, comprising wirerods, electrical wires and winding wires production operations.

Two specific factors were reflected in this column in 2013 and 2012:

- 86% of the sales at constant metal prices recorded in the "Other" column in 2013 were generated by the Group's Electrical Wires business (compared with 89% in 2012).

- In both 2013 and 2012 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.

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 **Note 1**.

a. Information by reportable segment

2013 (in millions of euros)	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other	**Group total**
Contribution to net sales at current metal prices	2,469	1,550	1,952	740	6,711
Contribution to net sales at constant metal prices	2,034	1,222	1,155	278	4,689
Operating margin	70	42	37	22*	171
Depreciation, amortization and impairment of assets (including goodwill)**	(117)	(48)	(76)	(8)	(249)

* This amount includes the positive 30 million euro impact related to the curtailment and settlement of two defined benefit pension plans (see Note 21).
** The amounts in this line do not take account of the loss resulting from the fair value measurement of assets held for sale as defined in IFRS 5.

2012 (in millions of euros)	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other	Group total
Contribution to net sales at current metal prices	2,544	1,554	2,214	866	7,178
Contribution to net sales at constant metal prices	2,088	1,195	1,285	304	4,872
Contribution to net sales at constant metal prices and 2013 exchange rates	2,014	1,181	1,237	290	4,722
Operating margin	70	44	78	10	202
Depreciation, amortization and impairment of assets (including goodwill)	(86)	(36)	(32)	(15)	(169)

The Management Board and the Management Council also analyze the Group's performance based on geographic area.

b. Information by major geographic area

2013 (in millions of euros)	France**	Germany	Norway	Other***	Group total
Contribution to net sales at current metal prices*	929	751	699	4,332	6,711
Contribution to net sales at constant metal prices*	667	636	635	2,751	4,689
Non-current assets (IFRS 8)* (at December 31)	146	125	172	1,342	1,785

* Based on the location of the Group's subsidiaries.
** Including Corporate activities.
*** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

2012 (in millions of euros)	France**	Germany	Norway	Other***	Group total
Contribution to net sales at current metal prices*	1,089	729	673	4,687	7,178
Contribution to net sales at constant metal prices*	759	600	603	2,910	4,872
Contribution to net sales at constant metal prices and 2013 exchange rates	759	600	577	2,786	4,722
Non-current assets (IFRS 8)* (at December 31)	146	121	194	1,554	2,015

* Based on the location of the Group's subsidiaries.
** Including Corporate activities.
*** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

c. Information by major customer

The Group does not have any customers that individually accounted for over 10% of its sales in 2013 or 2012.

Note 4: Payroll, staff and staff training entitlement

		2013	2012
Payroll costs (including payroll taxes)	(in millions of euros)	1,146	1,164
Staff of consolidated companies at year-end*	(in number of employees)	25,843	25,080
Staff training entitlement**	(in hours)	338,000	345,000

* The employees of Nexans Yanggu New Rihui were not included in the Group's headcount data for 2012. These employees totaled 1,032 at end December 2013.
** 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 payments totaled 2.9 million euros in 2013 (including 0.5 million euros relating to stock option plans) and 2.8 million euros in 2012 (including 1.3 million euros relating to stock option plans). See Note 20 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)	2013	2012
Dividends received from non-consolidated companies	1	1
Provisions	(9)	(7)
Net foreign exchange gain (loss)	8	6
Net interest expense on pension and other long-term employee benefit obligations*	(15)	(19)
Other	(4)	(3)
Other financial expenses	**(19)**	**(22)**

* See Note 21.

Note 6: Net gains (losses) on asset disposals

(in millions of euros)	2013	2012
Net gains (losses) on disposal of non-current assets	1	2
Net gains (losses) on disposal of investments	0	(3)
Other	-	-
Net gains (losses) on asset disposals	**1**	**(1)**

Note 7: Net asset impairment

(in millions of euros)	2013	2012
Impairment losses – non-current assets	(61)	(35)
Reversals of impairment losses – non-current assets	-	18
Impairment losses – goodwill	(43)	(3)
Impairment losses – assets and groups of assets held for sale	(26)	-
Net asset impairment	**(130)**	**(20)**

Principal movements

Every six months, 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 Note 1.f.c.).

Following the tests carried out in the first half of 2013 the Group recognized an 80 million euro impairment loss, breaking down as (i) 43 million euros in goodwill impairment, and (ii) 37 million euros to write down property, plant and equipment held by the "Australia" cash-generating unit, which includes Nexans' activities in Australia and New Zealand acquired in December 2006.

Like many other manufacturing companies in Australia, in recent years Nexans Olex has been confronted with tough competition from outside the region, exacerbated by the stronger Australian dollar and the elimination of import taxes.

More recently, and particularly in the first half of 2013, the macroeconomic environment has worsened significantly, which has impacted the entity's three main markets: growth in the mining business came to a sudden halt, the non-residential construction sector experienced a sharp slowdown, and reorganization plans were implemented by energy operators following a steep falloff in electricity consumption.

At December 31, 2013 the Group recorded a 7 million euro impairment loss in relation to the "Russia" CGU, which encompasses all of Nexans' operations in Russia. This write-down of tangible assets was recorded in view of the decrease in the CGU's forecast earnings due to fiercer local competition and high trade barriers.

The residual 17 million euro net impairment loss recorded against non-current assets in 2013 concerns the following property, plant and equipment and financial assets: (i) investments during the year related to CGUs written down at December 31, 2012, (ii) property, plant and equipment located in countries with a worsening economic outlook and (iii) an unsettled political context, and investments in non-consolidated companies whose market value was lower than their carrying amount.

Impairment losses recorded for assets or groups of assets held for sale amounted to 26 million euros in 2013 (see also Note 8).

The 20 million euro net impairment loss recorded in 2012 related to:

- Primarily, the goodwill and property, plant and equipment held by the "Egypt" entity, which were fully written down in the second half of the year for a total amount of 17 million euros. Business levels for power cables dropped sharply in Egypt following the country's political revolution and the ensuing tense economic and political environment, and at end-2012 the situation did not look likely to return to normal in the short term.

- Further writedowns of the property, plant and equipment held by the "Rodmill Europe" CGU, in Germany and France, partly offset by impairment reversals recognized for the "Rodmill Canada" and "Utilities Europe" CGUs, which reported strong performances in 2012 and had positive future forecasts.

- The remainder of the impairment losses recognized in 2012 related to the replacement cost of Group operations that had already been fully written down in prior years and for which the outlook at December 31, 2012 did not justify a reversal of the corresponding impairment losses at that date.

Main assumptions

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:

- Stable discount rates in the Group's main monetary areas at December 31, 2013 compared with December 31, 2012, except for the discount rate used for Australia which was 50 basis points lower due to a decrease in the risk-free interest rate.

- Stable perpetuity growth rates for the Group's main geographic areas, which have been aligned with the OECD's medium- and long-term growth forecasts since 2009.

	Discount rate (after tax) applied to future cash flows		Perpetuity growth rate	
	2013	2012	**2013**	2012
Australia	8.5%	9.0%	3.0%	3.0%
Brazil	9.5%	9.5%	4.0%	4.0%
Canada	8.0%	8.0%	2.0%	2.0%
China	10.0%	10.0%	5.5%	5.5%
Egypt	13.0%	13.0%	6.0%	6.0%
United States	8.0%	8.0%	2.5%	2.5%
Europe (euro zone)	8.0%	8.0%	2.0%	2.0%

- The cash flow assumptions used for impairment calculations were updated in the last quarter of 2013 to incorporate Management's most recent estimates of the Group's future business levels (as contained in the 2014 Budget and the 2014-2016 Strategic Plan).

The estimated cash flows used for the Group's impairment tests were based on five-year metal trends at end October 2013. The terminal value applied is generally equivalent to or approximates the latest available market forecast value. The copper and aluminum price forecasts used are set out in the table below (three-month average prices).

The main changes in 2013 compared with the assumptions used in 2012 are a decrease in copper and aluminum prices for the first year, with subsequent trends similar to the market price trends for futures observed at end October 2012.

Euro/tonne	Copper		Aluminum	
	2013	2012	**2013**	2012
2013	N/A	5,963	N/A	1,512
2014	5,334	5,938	1,417	1,577
2015	5,354	5,907	1,483	1,644
2016	5,352	5,874	1,542	1,707
2017	5,347	5,839	1,599	1,762
2018	5,336	5,839	1,650	1,762
Terminal value	5,336	5,839	1,650	1,762

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, 2013:

- The "South America" CGU, which mainly comprises the Madeco sub-group acquired in 2008, but also includes Nexans' long-standing business in Brazil. At December 31, 2013 this CGU included 123 million euros in goodwill and 30 million euros worth of intangible assets with indefinite useful lives.

- The "North America Resources" CGU – corresponding to AmerCable's operations – which at December 31, 2013 held 107 million euros in goodwill and 17 million euros worth of intangible assets with indefinite useful lives.

- The "Australia" CGU, which comprises the Olex group acquired in 2006 and covers business both in Australia (representing the majority of Olex's operations) and New Zealand. At end-December 2013 this CGU held 91 million euros in goodwill and 17 million euros worth of intangible assets with indefinite useful lives.

- The "Europe Industry" CGU – notably comprising the Italy-based operations of Intercond and Cabloswiss (merged into Nexans Intercablo in 2012) – which held 24 million euros in goodwill at December 31, 2013 and 2 million euros worth of intangible assets with indefinite useful lives.

- The "China" CGU, which since the second half of 2012 has included the Chinese company Nexans Yanggu New Rihui (formerly Shandong Yanggu). At December 31, 2013 this CGU held 17 million euros in goodwill and 5 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.f.c. The other key assumptions used for these cash flow projections are described above.

Sensitivity analyses

Impairment calculations for the Group's CGUs for which an impairment test has been performed 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 subject to impairment tests in 2013 for goodwill, property, plant and equipment and intangible assets compared with the assumptions presented above would result in the recognition of an additional 2 million euro impairment loss for the "Russia" CGU.

- A 50 basis-point reduction in the EBITDA rate (operational margin without depreciation) onsales at constant metal prices compared with the assumptions used for the Group's asset impairment tests would lead to the recognition of an additional 3 million euro impairment loss for the "Russia" CGU.

- The calculations presented above are based on metal prices observed at end-October 2013. Revised calculations based on metal prices at December 31, 2013 would not have a material impact on the amount of impairment losses recorded in 2013.

For information purposes, metal prices at December 31, 2013 were as follows (three-month average prices):

Euro/tonne	Copper	Aluminum
2014	5,294	1,361
2015	5,240	1,418
2016	5,183	1,469
2017	5,138	1,524
2018	5,122	1,573
Terminal value	5,122	1,573

Note 8: Assets and groups of assets held for sale

The Group has actively initiated a disposal process for its Egypt-based entity International Cable Company and for Nexans Indelqui, which is based in Argentina. The Group has received expressions of interest from industrial operators for both of these entities and it is highly probable that the disposals will be completed within one year. International Cable Company forms part of the Transmission, Distribution & Operators segment and Nexans Indelqui's operations are included in both the Transmission, Distribution & Operators segment and the Distributors & Installers segment.

As both entities meet the criteria to be classified as held for sale in accordance with IFRS, they have been included in the statement of financial position under "Assets and groups of assets held for sale at December 31, 2013 for Nexans Indelqui and since June 30, 2013 for International Cable Company.

As required under IFRS 5, the Group has measured these groups of assets at the lower of their carrying amount and fair value less costs to sell.

Statements of financial position of the entities concerned

(in millions of euros)	Assets held for sale at December 31, 2013	Allocation of impairment losses*	Carrying amount after allocation of impairment losses
Net property, plant and equipment and intangible assets	-	-	-
Inventories and work in progress, net	14	(1)	13
Trade and other receivables	28	(11)	17
Other assets	2	(2)	0
Total assets and groups of assets held for sale	**44**	**(14)**	**30**
Trade payables	14		14
Other liabilities	16		16
Liabilities related to groups of assets held for sale	**30**		**30**

* The amount of impairment losses allocated to assets classified as "Assets and groups of assets held for sale" does not include a 12 million euro provision set aside for financial risks. Including this provision, the total amount of impairment losses on assets held for sale comes to 26 million euros.

At December 31, 2013, reserves for currency translation differences represented a 2 million euro gain in relation to International Cable Company and a 12 million euro loss for Nexans Indelqui.

Note 9: Income taxes

a. Analysis of the income tax charge

(in millions of euros)	2013	2012
Current income tax charge	(41)	(44)
Deferred income tax benefit (charge), net	2	39
Income tax charge	**(39)**	**(5)**

Nexans SA heads up a tax group in France that comprised 11 companies in 2013. Other tax groups have been set up where possible in other countries, including in Germany, North America and South 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 contribution in the "Income taxes" line in the consolidated income statement since 2010. This gives rise to the recognition of deferred taxes where appropriate.

b. Effective income tax rate

The effective income tax rate was as follows for 2013 and 2012:

Tax proof, in millions of euros	2013	2012
Income (loss) before taxes	(291)	30
- of which share in net income (loss) of associates	*(1)*	*0*
Income (loss) before taxes and share in net income (loss) of associates	(290)	30
Standard tax rate applicable in France (in %)	34.43%	36.10%
Theoretical income tax benefit (charge)	100	(11)
Effect of:		
- Difference between foreign and French tax rates	(8)	2
- Change in tax rates for the period	2	3
- Unrecognized deferred tax assets	(115)	(3)
- Taxes calculated on a basis different from "Income before taxes"	(7)	(4)
- Other permanent differences	(11)	8
Actual income tax benefit (charge)	(39)	(5)
Effective tax rate (in %)	(13.55)%	18.08%

The theoretical income tax benefit (charge) is calculated by applying the parent company's tax rate to consolidated income (loss) before taxes and share in net income (loss) of associates.

The 3% dividend tax did not represent a material amount in 2013 or 2012.

c. Taxes recognized directly in other comprehensive income

Taxes recognized directly in other comprehensive income in 2013 can be analyzed as follows:

	January 1, 2013	Gains (losses) generated during the year*	Amounts reclassified to the income statement*	Total other comprehensive income (loss)	December 31, 2013
Available-for-sale financial assets	0	0	0	0	0
Currency translation differences	(4)	(0)	-	(0)	(4)
Cash flow hedges	(6)	22	(5)	17	12
Tax impact on recyclable components of other comprehensive income	(10)	22	(5)	17	8
Actuarial gains and losses on post-employment benefit obligations	41	(4)	N/A	(4)	37
Share of other non recyclable comprehensive income of associates	-	-	N/A	-	-
Tax impacts on non recyclable components of other comprehensive income	41	(4)	N/A	(4)	37

*The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the year and amounts recycled the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.

These taxes will be reclassified to the income statement in the same periods as the underlying transactions to which they relate (see Note 1.c and Note 1.f.k).

d. Deferred taxes recorded in the consolidated statement of financial position

Deferred taxes break down as follows by type of temporary difference:

(in millions of euros)	Jan. 1, 2013	Impact on the income statement	Business combinations	Impact on equity	Exchange differences and other	Dec. 31, 2013
Non-current assets	(91)	2	(2)	-	6	(85)
Other assets	(9)	(25)	-	-	4	(30)
Employee benefit obligations	84	(0)	-	(4)	(2)	78
Provisions for contingencies and charges	10	22	-	-	(3)	29
Other liabilities	(15)	13	-	17	0	15
Unused tax losses	357	111	-	-	(20)	448
Deferred tax assets (gross) and deferred tax liabilities	336	123	(2)	13	(15)	455
Unrecognized deferred tax assets	(309)	(121)	-	-	13	(417)
Net deferred taxes	27	2	(2)	13	(1)	38
- of which recognized deferred taxes	*141*					*120*
- of which deferred tax liabilities	*(114)*					*(82)*
Net deferred taxes excluding actuarial gains and losses	(15)	2	(2)	17	8	10

At December 31, 2013 and 2012, deferred tax assets in the respective amounts of 417 million euros and 309 million euros were not recognized as the Group deemed that their recovery was not sufficiently probable. These mainly concern the tax losses described in Note 9.e) below.

e. Unused tax losses

Unused tax losses carried forward represented potential tax benefits for the Group of 448 million euros at December 31, 2013 (357 million euros at December 31, 2012). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 160 million euros (158 million euros at December 31, 2012), of which 15 million were recognized in deferred tax assets at December 31, 2013 (20 million euros at December 31, 2012).
- French subsidiaries, in an amount of 121 million euros (83 million euros at December 31, 2012), which were not recognized in deferred tax assets.

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 consolidated statement of financial position is determined based on updated business plans.

The potential tax benefits deriving from unused tax losses carried forward break down as follows by expiration date:

(in millions of euros)	2013	2012
Year y+1	2	2
Years y+2 to y+4	8	8
Year y+5 and subsequent years	438	347
Total	**448**	**357**

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 significant tax payment.

Note 10: Earnings per share

The following table presents a reconciliation of basic earnings (loss) per share and diluted earnings (loss) per share:

	2013	2012
Net income (loss) attributable to owners of the parent (in millions of euros)	**(333)**	**27**
Interest expense (OCEANE bonds), net of tax	Anti-dilutive	Anti-dilutive
Adjusted net income (loss) attributable to owners of the parent (in millions of euros)	**(333)**	**27**
Attributable net income (loss) from discontinued operations	**-**	**-**
Average number of shares outstanding	31,271,353	28,967,527
Average number of dilutive instruments*	0 (anti-dilutive instruments)	148,418
Average number of diluted shares	31,271,353	29,115,945
Attributable net income (loss) per share (in euros)		
- basic earnings (loss) per share	(10.66)	0.91
- diluted earnings (loss) per share	(10.66)	0.90

* At December 31, 2013, OCEANE bonds, free shares, performance shares and stock options were not taken into account for this calculation as they had an anti-dilutive effect at that date. See sections 7.5 and 8.1 of the Management Report for full details on the Group's equity instruments.

Note 11: Goodwill

(in millions of euros)	Gross	Impairment losses	Carrying amount
January 1, 2012	452	(66)	386
Business combinations	131	-	131
Disposals	-	-	-
Impairment losses	-	(3)	(3)
Exchange differences	(6)	1	(5)
Other movements*	2	(2)	-
December 31, 2012	579	(70)	509
Business combinations	(4)	-	(4)
Disposals	-	-	-
Impairment losses	-	(43)	(43)
Exchange differences	(55)	10	(45)
Other movements*	(8)	5	(3)
December 31, 2013	512	(98)	414

* Including any classifications 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.f.c and 7.

Main movements in goodwill

The decrease in goodwill in 2013 (to 414 million euros at December 31, 2013 from 509 million euros at December 31, 2012) was chiefly attributable to (i) the 43 million impairment loss recognized against Nexans Olex goodwill within the "Australia" CGU (see Note 7), (ii) the completion of the process of allocating the purchase price of Shandong Yanggu New Rihui (since renamed Nexans Yanggu New Rihui), and (iii) changes in exchange rates during the year (the majority of the Group's goodwill is denominated in foreign currencies as it relates to the acquisitions of Olex in Australia, Madeco in South America and AmerCable in North America).

During 2012, the main movements in goodwill related to the following:

- The 3 million impairment loss recorded against the goodwill of the Group's Egyptian entity.
- The February 29, 2012 acquisition of the entire capital of the US company, AmerCable, which generated 111 million euros in goodwill at December 31, 2012 after the purchase price allocation process.
- The acquisition of a 75% stake in Shandong Yanggu New Rihui. The purchase price for Shandong Yanggu New Rihui was 75.7 million euros (606 million RMB) at December 31, 2012, subject to ongoing price adjustments that resulted in an additional payment by the Group of 1 million euros in 2013.

The provisional goodwill before allocation to the identifiable assets acquired and liabilities assumed amounted to 175 million RMB, or 22 million euros at the date of the company's first-time consolidation. The following table presents the main items used to determine this provisional goodwill:

(in millions of euros)	Shandong Yanggu New Rihui – acquired in 2012
Purchase price	76
of which portion paid in cash and cash equivalents	*76*
Purchase price of shares (A)	**76**
Assets	
Non-current assets (including financial assets)	70
Inventories	19
Receivables	61
Cash and cash equivalents	3
Deferred tax assets	1
Other assets	6
Liabilities	
Provisions	0
Borrowings and debt	52
Deferred tax liabilities	0
Other liabilities	35
Net assets acquired (including non-controlling interests)	**72**
Non-controlling interests in net assets acquired	18
Net attributable assets acquired (B)	**54**
Goodwill (A)-(B)	**22**

The corresponding acquisition-related costs amounted to 3 million euros and were recognized in the income statement as required under IFRS 3. In accordance with the Group's accounting policies (see Note 1.d), they are presented in a specific line in the income statement entitled "Acquisition-related costs".

Purchase price allocation for Nexans Yanggu New Rihui

The difference between the 22 million euros in provisional goodwill on Nexans Yanggu New Rihui recognized in the consolidated financial statements at December 31, 2012 and the 17 million euros (143 million RMB) in goodwill recognized after the definitive purchase price allocation can be analyzed as follows:

(in millions of euros)		
Provisional Nexans Yanggu New Rihui goodwill at December 31, 2012	22	
Allocation to trademarks	(5)	a) 1
Allocation to customer relationships	(4)	a) 2
Net deferred tax liabilities	3	b)
Non-controlling interests	2	c)
Exchange differences	(1)	
Goodwill after purchase price allocation at December 31, 2013	17	

a) In the first half of 2013, Nexans measured the intangible assets of Nexans Yanggu New Rihui. Two significant categories of intangible assets were identified and their values were assessed with the assistance of independent valuers:

1. Trademarks, which are considered as having indefinite useful lives and which are therefore not amortized.
2. Customer relationships, which are considered as having finite useful lives.

b) Deferred taxes recognized in connection with the purchase price allocation process (corresponding to the deferred taxes recognized on the allocation of goodwill to the intangible assets acquired).

c) As Nexans acquired a 75% interest in Shandong Yanggu New Rihui, the purchase price allocation also had an impact on non-controlling interests.

Note 12: Other intangible assets

a. Changes in the gross value of intangible assets

	Gross value					
(in millions of euros)	Trademarks	Customer relationships	Software	Patents and licenses	Other	Total
January 1, 2012	35	170	70	5	36	316
Acquisitions	-	-	3	-	8	11
Disposals	-	-	(0)	-	(0)	(0)
Business combinations	18	37	(0)	-	6	61
Exchange differences	(0)	1	0	(0)	0	1
Classifications as assets and groups of assets held for sale (IFRS 5)	-	-	(0)	-	(1)	(1)
Other movements	-	-	4	-	(3)	1
December 31, 2012	53	208	77	5	46	389
Acquisitions	-	-	2	0	16	18
Disposals	-	-	(0)	-	(0)	(0)
Business combinations	5	4	(0)	-	(1)	8
Exchange differences	(6)	(24)	(3)	(0)	(4)	(37)
Classifications as assets and groups of assets held for sale (IFRS 5)	-	-	-	(1)	-	(1)
Other movements	-	-	2	(1)	(1)	(0)
December 31, 2013	52	188	78	3	56	377

b. Changes in amortization and impairment of intangible assets

	Amortization and impairment					
(in millions of euros)	Trademarks	Customer relationships	Software	Patents and licenses	Other	Total
January 1, 2012	-	61	61	4	6	132
Amortization expense	-	13	6	0	0	19
Impairment losses*	-	-	0	0	-	0
Reversals on disposals	-	-	(0)	-	-	(0)
Business combinations	-	-	(0)	-	(0)	(0)
Exchange differences	-	(0)	0	(0)	(0)	(0)
Classifications as assets and groups of assets held for sale (IFRS 5)	-	-	(0)	-	(1)	(1)
Other movements	-	-	(0)	-	1	1
December 31, 2012	-	74	67	4	6	151
Amortization expense	-	13	5	0	1	19
Impairment losses*	-	-	-	1	0	1
Reversals on disposals	-	-	(0)	-	(0)	(0)
Business combinations	-	-	(0)	-	(1)	(1)
Exchange differences	-	(11)	(2)	(0)	(1)	(14)
Classifications as assets and groups of assets held for sale (IFRS 5)	-	-	-	(1)	-	(1)
Other movements	-	-	(1)	(1)	1	(1)
December 31, 2013	-	76	69	3	6	154

* See Note 7.

Note 13: Property, plant and equipment

a. Changes in the gross value of property, plant and equipment

	Gross value					
(in millions of euros)	Land	Buildings	Plant, equipment and machinery	Assets in progress	Other	**Total**
January 1, 2012	95	739	2,239	99	240	3,412
Acquisitions	0	5	45	92	13	155
Disposals	(0)	(2)	(19)	-	(2)	(23)
Business combinations	0	31	52	0	0	83
Exchange differences	0	1	4	1	2	8
Classifications as assets and groups of assets held for sale (IFRS 5)	-	(1)	(3)	-	(0)	(4)
Other movements*	0	22	69	(107)	3	(13)
December 31, 2012	95	795	2,387	85	256	3,618
Acquisitions	-	7	42	114	6	169
Disposals	(1)	(4)	(40)	(0)	(2)	(47)
Business combinations	-	(1)	(2)	-	(0)	(3)
Exchange differences	(6)	(32)	(124)	(7)	(12)	(181)
Classifications as assets and groups of assets held for sale (IFRS 5)	(2)	(5)	(21)	-	(2)	(30)
Other movements*	1	13	39	(73)	(7)	(27)
December 31, 2013	87	773	2,281	119	239	3,499

* Including any transfers of assets in progress as the assets come into service, and retirements of assets (which are generally fully depreciated).

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

	Depreciation and impairment				
(in millions of euros)	Land	Buildings	Plant, equipment and machinery	Other	**Total**
January 1, 2012	11	518	1,542	181	2,252
Depreciation expense	0	18	98	13	129
Impairment losses*	2	5	26	2	35
Reversals of impairment losses*	(1)	(0)	(16)	(0)	(17)
Reversals on disposals	(0)	(2)	(18)	(2)	(22)
Business combinations	(0)	(0)	(1)	(0)	(2)
Exchange differences	0	2	4	1	7
Classifications as assets and groups of assets held for sale (IFRS 5)	-	(1)	(2)	(0)	(3)
Other movements**	(0)	(1)	(12)	(4)	(17)
December 31, 2012	12	539	1,621	190	2,362
Depreciation expense	0	19	94	12	125
Impairment losses*	1	11	42	1	55
Reversals of impairment losses*	-	-	0	-	0
Reversals on disposals	-	(3)	(39)	(2)	(44)
Business combinations	-	(1)	(2)	(0)	(3)
Exchange differences	(1)	(17)	(78)	(7)	(103)
Classifications as assets and groups of assets held for sale (IFRS 5)	(2)	(5)	(21)	(2)	(30)
Other movements**	-	1	5	(4)	2
December 31, 2013	10	544	1,622	188	2,364

* See Note 7.
** Including retirements of assets (which are generally fully depreciated).

c. Other information

Firm commitments to purchase property, plant and equipment amounted to 40 million euros at December 31, 2013 (65 million euros at December 31, 2012). In 2012, and to a lesser extent in 2013, this amount included firm commitments related to the construction of a high-voltage cable production plant at Charleston in the United States.

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Note 14: Investments in associates – Summary of financial data

a. Equity value

At December 31, in millions of euros	% control	2013	2012
Cabliance Maroc and Cabliance Belgique	50.00%	3	1
Qatar International Cable Company	30.33%	(1)	1
Cobrecon/Colada Continua	33.33%/41.00%	7	8
Recycables	36.50%	5	3
Total		**14**	**13**

b. Financial data relating to associates

The information below is presented in accordance with the local GAAP of each associate as full statements of financial position and income statements prepared in accordance with IFRS were not available at the date on which the Group's consolidated financial statements were published.

Condensed statement of financial position

At December 31, in millions of euros	2013	2012
Property, plant and equipment and intangible assets	60	60
Current assets	58	37
Total capital employed	**118**	**97**
Equity	37	36
Net debt	16	21
Other liabilities	65	40
Total financing	**118**	**97**

Condensed income statement

(in millions of euros)	2013	2012
Sales at current metal prices	137	140
Operating income (loss)	2	2
Net income (loss)	(3)	(1)

Note 15: Other non-current financial assets

At December 31, in millions of euros	2013	2012
Long-term loans and receivables	22	17
Available-for-sale securities*	17	20
Other	12	13
Total	**51**	**50**

* Available-for-sale securities are carried at cost.

The maturity schedule for these financial assets at December 31, 2013 is presented below (excluding available-for-sale securities as these correspond to shares in non-consolidated companies and therefore have no maturity):

At December 31, 2013, in millions of euros	Carrying amount	< 1 year	1 to 5 years	> 5 years
Long-term loans and receivables	22	-	18	4
Other	12	-	11	1
Total	**34**	**-**	**29**	**5**

Movements in impairment losses recognized for available-for-sale securities carried at cost (see Note 29.a) were as follows:

(in millions of euros)	At Jan. 1	Additions	Disposals	Other	At Dec. 31
2013	14	6	-	-	20
2012	9	5	-	-	14

At December 31, 2013 "Long-term loans and receivables" were written down by 1 million euros (unchanged from December 31, 2012). There were no past due balances for "Long-term loans and receivables" at either December 31, 2013 or 2012.

Impairment losses recorded for assets included in the "Other" line totaled 4 million euros at December 31, 2013, compared with 8 million euros at December 31, 2012. There were no past-due balances in relation to these assets other than those provided for in the impairment losses.

Note 16: Construction contracts

Construction contracts are measured and presented in accordance with the accounting policy described in Note 1.e.a. These contracts mainly cover the high-voltage cable operations of the Transmission, Distribution & Operators segment (see Note 3).

The positions for construction contracts presented in the consolidated statement of financial position correspond to the aggregate amount of costs incurred on each individual contract plus profits recognized (net of any losses recognized, including any losses to completion), 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 consolidated statement of financial position).

Contracts in progress at December 31, 2013 and 2012 break down as follows:

At December 31, in millions of euros	**2013**	2012
Assets related to construction contracts	218	335
- of which "Amounts due from customers on construction contracts"	*218*	*335*
Liabilities related to construction contracts	126	210
- of which "Amounts due to customers on construction contracts"	*18*	*71*
- of which advances received on construction contracts	*108*	*138*
Total net assets (liabilities) related to construction contracts	**92**	**125**

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, 2013 and 2012 can be analyzed as follows (aggregate amounts for construction contracts in progress at the year-end):

At December 31, in millions of euros	**2013**	2012
Aggregate amount of costs incurred plus profits recognized (net of any losses recognized, including any losses to completion)	2,832	3,120
Progress billings	2,632	2,856
Net balance excluding advances received	200	264
- of which "Amounts due from customers on construction contracts"	*218*	*335*
- of which "Amounts due to customers on construction contracts"	*(18)*	*(71)*

Sales at current metal prices recognized in relation to construction contracts at December 31, 2013 amounted to 741 million euros, versus 780 million euros at December 31, 2012.

There were no significant contingent liabilities relating to construction contracts at either December 31, 2013 or 2012.

The amount of retentions relating to progress billings issued totaled 41 million euros at December 31, 2013 compared with 37 million euros at December 31, 2012.

Note 17: Inventories and work in progress

At December 31, in millions of euros	2013	2012
Raw materials and supplies	324	385
Industrial work in progress	284	298
Finished products	480	502
Gross value	1,088	1,185
Impairment	(57)	(60)
Net value	1,031	1,125

Note 18: Trade receivables

At December 31, in millions of euros	2013	2012
Gross value	1,050	1,124
Impairment	(38)	(44)
Net value	1,012	1,080

At December 31, 2013 and 2012, Nexans France SAS had respectively sold 75 million euros and 71 million euros worth of euro-denominated trade receivables to a bank as part of a receivables securitization program set up by the Group in 2010, referred to as the "On Balance Sheet" program (see Note 25.a). The receivables sold under this program 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 25.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
2013	44	10	(5)	(5)	(6)	38
2012	39	8	(5)	(3)	5	44

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, 2013	23	17
December 31, 2012	27	36

At December 31, 2013 and 2012 the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecom operators, and major resellers. They are generally located in geographic areas where contractual payment dates are often exceeded and historically present an extremely low default rate.

Note 19: Other current financial assets

At December 31, in millions of euros	2013	2012
Derivative instruments	33	60
Cash deposits paid	8	9
Short-term financial assets	0	0
Other operating receivables	27	21
Other non-operating receivables	4	9
Other	24	15
Gross value	96	114
Impairment	(8)	(1)
Net value	88	113

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 26.a).

Cash deposited to meet margin calls on copper forward purchases traded on the LME whose fair value was negative at the year-end (see Note 25.d) are presented under "Cash deposits paid" and amounted to 2 million euros at December 31, 2013 (1 million euros at December 31, 2012).

Note 20: Equity

a. Composition of capital stock

At December 31, 2013 Nexans' capital stock comprised 42,043,145 fully paid-up shares with a par value of 1 euro each, compared with 29,394,042 shares at December 31, 2012. The Company's shares no longer carry double voting rights, following the resolution passed at the Shareholders' Meeting held on November 10, 2011.

b. Dividends

The Board of Directors will not propose a dividend payment for 2013 at the Annual Shareholders' Meeting. If the shareholders at that meeting resolve to pay a dividend, its total amount would depend on the number of shares in issue.

In the event that the Company 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, 2014 and the date of the Annual Shareholders' Meeting called to approve the dividend payment, following the exercise of stock options[1]. 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 14, 2013 to approve the financial statements for the year ended December 31, 2012, the Company's shareholders authorized payment of a dividend of 0.5 euros per share – representing a total of 14.7 million euros – which was paid out on May 22, 2013.

c. Treasury shares

Nexans did not hold any treasury shares at either December 31, 2013 or 2012.

(1) The total payout would also be subject to any stock options that may be exercised between May 15, 2014 (the scheduled date for the 2014 Annual Shareholders' Meeting) and the dividend payment date, as the shares received on the exercise of these options would also qualify for any dividend voted at the 2014 Annual Shareholders' Meeting.

d. Stock options

At December 31, 2013, there were 1,408,832 stock options outstanding, each exercisable for one Nexans share, i.e., 3.4% of the Company's capital stock. At December 31, 2012 a total of 1,389,395 options were outstanding, exercisable for 4.7% of the Company's capital stock.

The options outstanding at December 31, 2013 can be analyzed as follows:

Plan characteristics

Grant date	Number of options originally granted	Number of options granted as adjusted after the rights issue*	Number of options outstanding at the year-end	Exercise price (in euros)	Exercise price as adjusted after the rights issue* (in euros)	Exercise period
November 23, 2005	344,000	361,447	0	40.13	34.43	From Nov. 23, 2006** to Nov. 22, 2013
November 23, 2006	343,000	398,317	383,488	76.09	65.28	From Nov. 23, 2007** to Nov. 22, 2014
February 15, 2007	29,000	32,147	17,484	100.94	86.60	From Feb. 15, 2009*** to Feb. 14, 2015
February 22, 2008	306,650	354,841	331,161	71.23	61.11	From Feb. 22, 2009** to Feb. 21, 2016
November 25, 2008	312,450	358,633	314,285	43.46	37.29	From Nov. 25, 2009** to Nov. 24, 2016
March 9, 2010	335,490	389,026	362,414	53.97	46.30	From March 9, 2011** to March 8, 2018
Total	**1,670,590**	**1,894,411**	**1,408,832**			

* See Notes 2 and 20.i.
** Vesting at a rate of 25% per year.
*** 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	1,389,395	60.01
Options granted during the year	223,821	51.96
Options canceled during the year	(168,223)	39.42
Options exercised during the year	(36,161)	40.24
Options expired during the year	-	-
Options outstanding at the year-end	1,408,832	53.44
Of which exercisable at the year-end	1,317,968	53.93

Valuation of options

The assumptions applied to value the options impacting income for 2012 and 2013 were as follows:

Grant date	Nov. 23, 2006	Feb. 15, 2007	Feb. 22, 2008	Nov. 25, 2008	March 9, 2010
Share price at grant date (in euros)	76.09	100.94	71.71	40.59	56.79
Average estimated life of the options	5.75 years	4.75 years	4.5 to 6 years	4.5 to 6 years	4.5 to 6 years
Volatility (%)	30.00%	30.00%	33.00%	38.00%	42.00%
Risk-free interest rate (%)*	3.70%	4.00%	3.34% - 3.46%	2.72% - 2.87%	2.04% - 2.54%
Dividend rate (%)	1.50%	1.50%	3.13%	4.68%	2.64%
Fair value of the option (in euros)**	22.79	28.22	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 Management Council (formerly the Executive Committee).

The vesting conditions applicable to stock options are described in section 7.5 of the Management Report.

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 0.5 million euro stock option expense was recognized in the 2013 income statement versus 1.3 million euros in 2012 (see Note 4).

Following the rights issue carried out on November 8, 2013 the number and unit price of the stock options were adjusted, with no increase in their fair value.

e. Free shares and performance shares

The Group allocated an aggregate 275,000 free shares and performance shares in 2013 and 121,370 in 2012.

At December 31, 2013 there were 587,460 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.4% of the Company's capital stock (232,400 at December 31, 2012, representing a total of 0.8% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2013 can be analyzed as follows:

Plan characteristics

Grant date	Number of shares originally granted	Number of shares granted as adjusted after the rights issue*	Number of shares outstanding at the year-end	End of vesting period
November 21, 2011	113,180	131,237	128,370	November 21, 2015 for non-French tax residents, and November 21, 2014 followed by a 2-year lock-up period for French tax residents
November 20, 2012	121,370	141,478	140,083	November 19, 2016 for non-French tax residents, and November 20, 2015 followed by a 2-year lock-up period for French tax residents
July 24, 2013	275,000	319,007	319,007	July 24, 2017 for non-French tax residents, and July 24, 2016 followed by a 2-year lock-up period for French tax residents

* See Note 2 and Note 20.i.

Movements in outstanding free shares and performance shares

	Number of shares
Shares outstanding at beginning of year	232,400
Shares granted during the year	359,322
Shares canceled during the year	(4,262)
Shares vested during the year	-
Shares outstanding at the year-end	587,460

Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2012 and 2013 were as follows:

Grant date	Nov. 21, 2011	Nov. 20, 2012	July 24, 2013
Share price at grant date (in euros)	37.79	33.81	40.21
Vesting period	3 to 4 years	3 to 4 years	3 to 4 years
Volatility (%)*	48%	43%	41%
Risk-free interest rate (%)*	1.50%	0.25%	0.35%
Dividend rate (%)	2.0%	2.8%	2.8%
Fair value of the share (in euros)	24.86 - 36.11	19.82 - 30.23	12.94 - 35.95

* Only for shares subject to a stock market performance condition.

The vesting conditions applicable to performance shares are described in section 7.5 of the Management Report.

The fair value of free shares and performance shares 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. In the 2013 income statement this expense totaled 3.5 million euros (including 1.1 million euros in payroll taxes) for the 2011, 2012 and 2013 plans. In the 2012 income statement the payroll expense was 1.4 million euros (including 0.4 million euros in payroll taxes).

Following the rights issue carried out on November 8, 2013 the number of free shares and performance shares granted was adjusted, with no increase in their fair value.

f. Put options granted to non-controlling interests

Nexans' commitment to buy the minority shareholdings in Liban Cables is considered as a financial liability under IAS 32. Consequently, since December 31, 2005, these put options have 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 2010 the purchase commitment under these puts was raised from a 7% interest in Liban Cables 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. One of these put options had expired at December 31, 2013. At that date the residual financial liability – which expires in 2016 – represented 2.9 million euros and related to 5% of Liban Cables' shares.

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.

g. Equity component of the OCEANE convertible/exchangeable bonds

In accordance with IAS 32, the portion of the OCEANE bonds issued in June 2009 and February 2012 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 36.9 million euros and 41.2 million euros respectively. The value of the options embedded in the bonds issued in July 2006 – which was also recorded in equity – amounted to 33.5 million euros at the bond issue date. When the Group carried out a partial buyback of these bonds in February 2012, a portion of the premium paid was recorded in "Retained earnings and other reserves", representing a negative pre-tax amount of 3.8 million euros.

See Note 9.d for further information on the related tax impact.

h. Employee share ownership plan

In the first half of 2012 Nexans launched a new employee share ownership plan made up of an employee share issue involving a maximum of 500,000 shares. The settlement-delivery of the shares took place on August 3, 2012 and resulted in the issuance of 499,984 new shares, representing an aggregate amount of 12.1 million euros. The 0.5 million euros expense relating to this plan was recognized in 2012 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.

i. Rights issue

See Note 2 for further details on the rights issue carried out in 2013.

The gross amount of the capital increase resulting from the rights issue was 283.8 million euros. A total of 4.5 million euros in related bank fees were recorded under "Additional paid-in capital" within consolidated equity. Consequently, the net cash impact of the rights issue was 279.3 million euros (see the consolidated statement of cash flows).

Note 21: Pensions, retirement bonuses and other long-term employee benefits

There are a large number of retirement and other long-term employee benefit 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 Management Council (formerly the Executive Committee) have a top hat defined benefit pension plan.
- 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 its main defined benefit plans are funded in such a way as to ensure that they have plan assets that approximate the value of the underlying obligations. The majority of unfunded defined benefit plans have been closed.

Provisions for jubilee and other long-term 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.

Main assumptions

The basic assumptions used for the actuarial calculations required to measure obligations under defined benefit plans are determined by the Group in conjunction with its external actuary. Demographic and other 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 weighted average rates used for the main countries concerned are listed below (together, these countries represented some 95% of the Group's pension obligations at December 31, 2013).

	Discount rate – 2013	Estimated future salary increases – 2013	Discount rate – 2012	Estimated future salary increases – 2012
France	3.25%	2.00%	3.25%	2.50%
Germany	3.25%	3.00%	3.25%	3.00%
Norway	3.75%	3.50%	3.75%	3.50%
Switzerland	2.00%	1.50%	2.00%	1.50%
Canada	4.50%	3.50%	4.25%	3.50%
United States	4.50%	3.50%	3.75%	3.50%
Australia	3.00%	3.50%	2.90%	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 notably used to determine the discount rates in the eurozone, Canada, the United States, Switzerland and South Korea.
Since 2012, the discount rate applied for Norway has also been determined by reference to yields on corporate bonds following a decision by the Norwegian Accounting Standards Board authorizing this method.

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 notably used to determine the discount rates for Australia.

Principal movements

(in millions of euros)	2013	2012
Retirement costs for the year		
Service cost	(23)	(20)
Net interest expense	(15)	(19)
Actuarial gains/(losses) (on jubilee benefits)	(1)	(3)
Past service cost	(0)	-
Effect of curtailments and settlements	37	-
Impact of asset ceiling	-	-
Net cost for the year	(2)	(42)
- of which operating cost	13	(23)
- of which finance cost	(15)	(19)

(in millions of euros)	2013	2012
Valuation of benefit obligation		
Present value of benefit obligation at January 1	961	843
Service cost	23	20
Interest cost	29	35
Employee contributions	3	3
Plan amendments	-	-
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(131)	-
Benefits paid	(55)	(56)
Actuarial (gains)/losses	11	108
Other (exchange differences)	(29)	8
Present value of benefit obligation at December 31	812	961

(in millions of euros)	2013	2012
Plan assets		
Fair value of plan assets at January 1	499	451
Interest income	15	16
Actuarial gains/(losses)	23	31
Employer contributions	26	24
Employee contributions	3	3
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(94)	-
Benefits paid	(30)	(33)
Other (exchange differences)	(23)	7
Fair value of plan assets at December 31	419	499

(in millions of euros)	2013	2012
Funded status		
Present value of wholly or partially funded benefit obligations	(491)	(621)
Fair value of plan assets	419	499
Funded status of benefit obligation	(72)	(122)
Present value of unfunded benefit obligation	(321)	(340)
Benefit obligation net of plan assets	(393)	(462)
Unrecognized surplus (due to asset ceiling)	-	-
Net provision recognized	(393)	(462)
- of which pension assets	5	1

(in millions of euros)	2013	2012
Change in net provision		
Net provision recognized at January 1	462	392
Expense (income) recognized in the income statement	2	42
Expense (income) recognized in other comprehensive income	(12)	74
Utilization	(51)	(47)
Other impacts (exchange differences, acquisitions/disposals, etc.)	(8)	1
Net provision recognized at December 31	393	462
- of which pension assets	5	1

Retirement costs

In 2013, the Group's retirement costs for the year included the impact of 37 million in non-recurring income related to:

- The settlement of two defined benefit plans in Norway, which had a positive effect of 29.8 million euros. As from January 1, 2014, the employees concerned have been members of a defined contribution plan under which the employer pays the maximum permitted contribution levels. The settlement of these plans led to a 29.8 million euro provision reversal as well as the recognition of 2.2 million euros in accrued expenses.
- The curtailment of a defined benefit plan in the United States, which had a 1.9 million positive impact. In December 2013, the Group offered the beneficiaries of this defined benefit plan the option of either remaining a member of the plan or joining a defined contribution plan with a supplementary employer contribution. The majority of the employees concerned took up the second option.
- The reduction in the pension benefit obligation as a result of the restructuring plans carried out in relation to the Group's operations in Europe (5 million euro positive impact).

The actuarial losses recognized on jubilee benefits in 2012 were primarily due to the decrease in the discount rates applied.

Movements in the benefit obligation and plan assets

Actuarial gains and losses generated on the Group's benefit obligation can be analyzed as follows:

	2013		2012	
Breakdown of actuarial gains and losses on benefit obligation	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	*(2)*	*(0)%*	*94*	*10%*
Salary increases	*1*	*0%*	*(3)*	*0%*
Mortality	*25*	*3%*	*15*	*2%*
Staff turnover	*(0)*	*(0)%*	*0*	*0%*
Other changes in assumptions	*(1)*	*(0)%*	*(3)*	*(0)%*
(Gains) losses from changes in assumptions	23	3%	103	11%
(Gains) losses from plan amendments	0	0%	(0)	(0)%
(Gains) losses from experience adjustments	(12)	(1)%	5	1%
Other	0	0%	0	0%
Total (gains) losses generated during the year	**11**	**1%**	**108**	**11%**

The main factors affecting actuarial gains and losses in 2013 were:

- The change in the mortality tables used for Norway to take into account longer life expectancy.
- The increase in the discount rates applied in Canada and the United States, which generated actuarial gains.
- Experience adjustments, which principally corresponded to differences between the assumptions applied for staff turnover and the actual corresponding data.

The Group's portfolio of plan assets breaks down as follows:

	2013		2012	
At December 31	in millions of euros	%	in millions of euros	%
Equities*	156	37%	157	31%
Bonds and other fixed income products*	129	31%	187	37%
Real estate	82	19%	69	14%
Cash and cash equivalents	15	4%	33	7%
Other	37	9%	53	11%
Fair value of plan assets at December 31	419	100%	499	100%

* All of the instruments recognized under "Equities" and "Bonds and other fixed income products" are listed.

Sensitivity analyses

The present value of the Group's obligation for pension and other retirement benefits is sensitive to changes in discount rates. In 2013, a 50 basis-point decrease in the discount rates applied would have had the following impacts on the present value of the Group's defined benefit obligation:

	2013	
	in millions of euros	% of DBO
Europe	33	4%
North America	11	1%
Asia	0	0%
Other countries	2	0%
Total	**46**	**5%**

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 50 basis-point increase in the inflation rates used would have had the following impacts on the present value of the Group's defined benefit obligation (assuming that the discount rates applied remain constant):

	2013	
	in millions of euros	% of DBO
Europe	15	2%
North America	2	0%
Asia	0	0%
Other countries	0	0%
Total	**17**	**2%**

Characteristics of the main defined benefit plans and risks associated with them

The two plans described below represent 62% of the total present value of the Group's defined benefit obligation at December 31, 2013.

Switzerland

The pension plan of Nexans Suisse SA is a contribution-based plan with a guarantee of a minimum interest credit fixed and conversion rates at retirement. It offers benefits that comply with the Swiss Federal Law on compulsory occupational benefits (the "LPP/BVG" law).

The plan must be fully funded under "LPP/BVG law". In case of underfunding, recovery measure must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or combination of both.

The pension fund for Nexans Suisse SA is set up as a separate legal entity (the Nexans Foundation), which is responsible for the governance of the plan and is composed of an equal number of employer and employee representatives. The strategic allocation of plan assets must comply with the investment guidelines put in place by the Foundation, which are aimed at limiting investment risks.

Nexans Suisse SA is also exposed to risks related to longevity improvement concerning the plan as two thirds of the defined benefit obligation relates to employees who have already retired.

Germany

Nexans Deutschland GmbH's most significant plan is a defined benefit plan that has been closed to new entrants since January 1, 2005. For other employees, their pension benefits will be calculated based on their vested rights as at the date the plan was closed.

This plan – which is unfunded – also provides for disability benefits. In general, any disability payments due will be made on top of the amount of future pension benefits. In addition, the plan provides for reversionary benefits.

Other information

The Group's employer contributions relating to defined benefit plans are estimated at 20 million euros for 2014.

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 amounted to 90 million euros in 2013 and 83 million euros in 2012.

Note 22: Provisions

a. Analysis by nature

At December 31, in millions of euros	2013	2012
Accrued contract costs	36	38
Restructuring provisions	151	43
Other provisions	239	228
Total	**426**	**309**
- of which short-term	394	77
- of which long-term	32	232

Movements in these provisions were as follows during 2012 and 2013:

(in millions of euros)	Total	Accrued contract costs	Restructuring provisions	Other provisions
January 1, 2012	315	47	48	220
Additions	38	8	22	8
Reversals (utilized provisions)	(32)	(6)	(22)	(4)
Reversals (surplus provisions)	(18)	(11)	(4)	(3)
Business combinations	9	-	-	9
Other	(3)	(0)	(1)	(2)
December 31, 2012	309	38	43	228
Additions	169	9	141	19
Reversals (utilized provisions)	(36)	(5)	(29)	(2)
Reversals (surplus provisions)	(8)	(4)	(1)	(3)
Business combinations	-	-	-	-
Other	(8)	(2)	(3)	(3)
December 31, 2013	426	36	151	239

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 30). 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.e.a.

The "Other provisions" column primarily includes the 200 million euro provision recognized for the fine that may be imposed on Nexans France SAS following the Statement of Objections received from the European Commission's Directorate General for Competition on July 5, 2011 for alleged anticompetitive behavior. As the outcome of the proceedings will likely be known within 12 months, this 200 million euro provision was reclassified as a short-term provision at December 31, 2013 (see Note 30).

Surplus provisions are reversed when the related contingency no longer exists or has been settled for a lower amount than the estimate made based on information available at the previous period-end (including provisions for expired customer warranties).

The "Other" line 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 consolidated statement of financial position.

b. Analysis of restructuring costs

Restructuring costs amounted to 180 million euros in 2013, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements*	Other monetary expenses	Total
Additions to provisions for restructuring costs	118	31	18	167
Reversals of surplus provisions	(1)	-	-	(1)
Other costs for the year	4	-	10	14
Total restructuring costs	**121**	**31**	**28**	**180**

* Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

Nexans operates in a global cable market which is currently facing a number of major challenges. This is particularly the case in Europe, where a lack of growth, overcapacity and fierce competition mean that the Group entities need to take measures to address the situation.

Consequently, in order to restore its competitiveness, as from the second quarter of 2013 the Group's companies began to draw up a draft cost-savings plan for their operations in Europe.

The plan aims to maintain the Group's competitiveness in Europe and enables it to respond to the new market context by focusing on a number of different objectives:

- Streamlining the manufacturing base of the Group's Industry division in Europe.
- Optimizing the organizational structure and production sites of the land high-voltage business.
- Streamlining and adapting support functions in line with the requirements of the Group's European subsidiaries.
- Increasing R&D resources.

The plan concerns all of the Group's countries of operation in Europe, but primarily France, Germany, Switzerland, Italy and Belgium. The measures adopted would lead to 468 job cuts in Europe but would also involve the transfer of 462 jobs and the creation of 39 new positions. Internal mobility – which the Group's European subsidiaries will do all they can to facilitate – is a key factor of the overall plan.

At December 31, 2013 a restructuring provision was recorded in each country concerned, representing an aggregate 112 million euros. An additional expense of 4 million euros was also recognized during the period in relation to this plan. See Note 2 for further information. The remaining restructuring costs recorded in 2013 mainly related to Australia and Brazil.

"Other monetary expenses" primarily correspond to costs for cleaning up, dismantling and/or maintaining sites as well as for reallocating assets within the Group.

Expenses that do not meet the recognition criteria for provisions are presented under "Other costs for the year" and 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 2012, restructuring costs came to 21 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	20	2	0	22
Reversals of surplus provisions	(4)	0	0	(4)
Other costs for the year	2	(2)	3	3
Total restructuring costs	**18**	**0**	**3**	**21**

* Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

The expense recorded in 2012 chiefly corresponded to provisions set aside for downsizing in Germany. The remainder related to restructuring plans in progress in Brazil, Italy and France.

As was the case in previous years, all of the restructuring plans set up by the Group in 2013 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.

Note 23: Net debt

At December 31, 2013, the Group's long-term debt was rated BB by Standard & Poor's with a negative outlook (BB with a stable outlook at December 31, 2012).

a. Analysis by nature

At December 31, in millions of euros	2013	2012	Note
Redeemable bonds*	595	595	23.c
Convertible bonds*	445	430	23.c
Other long-term borrowings*	9	4	
Short-term borrowings and short-term accrued interest not yet due**	256	395	
Short-term bank loans and overdrafts	19	30	
Gross debt	1,324	1,453	
Short-term financial assets	-	-	
Cash	(605)	(326)	
Cash equivalents	(382)	(521)	
Net debt	337	606	

* Excluding short-term accrued interest not yet due.
** At December 31, 2012 the OCEANE 2006-2013 bonds outstanding at that date were included in "Short-term borrowings".

Since the second quarter of 2010, short-term borrowings have included a securitization plan set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 110 million euros (see Note 25.a).

b. Bonds

At December 31, 2013, in millions of euros	Carrying amount	Face value at issue date	Maturity date	Nominal interest rate	Strike price
OCEANE 2016 convertible/ exchangeable bonds	212	213	January 1, 2016	4.00%	53.15
OCEANE 2019 convertible/ exchangeable bonds	248	275	January 1, 2019	2.50%	72.74
Total convertible bonds*	460	488			
Bonds redeemable in 2017	361	350	May 2, 2017	5.75%	N/A
Bonds redeemable in 2018	258	250	March 19, 2018	4.25%	N/A
Total redeemable bonds**	619	600			

* Including 15 million euros in short-term accrued interest at December 31, 2013.
** Including 24 million euros in accrued interest at December 31, 2013.

At December 31, 2013, the Group's debt included two issues of convertible bonds maturing on January 1, 2016 and January 1, 2019 respectively (the OCEANE 2016 bonds and the OCEANE 2019 bonds). Under these issues bondholders have an early redemption option on January 1, 2015 (or the first business day thereafter) and June 1, 2018 (or the first business day thereafter), respectively.

In accordance with IAS 32, the portion of these OCEANE bonds corresponding to the value of the conversion option was included in equity in pre-tax amounts of 36.9 million euros (OCEANE 2016) and 41.2 million euros (OCEANE 2019) at their respective issue dates.

As required under IAS 32, a portion of the premium paid on the partial buyback of the OCEANE 2013 bonds in February 2012 was recognized as a deduction from equity in a pre-tax amount of 3.8 million euros. See Note 9.d for details of the related tax impact.

Consolidated statement of financial position

At December 31, in millions of euros	2013	2012
Equity component (retained earnings and other reserves), before tax	78	108
Convertible bonds (liability component)	401	464
Accrued interest	59	66
Financial liabilities	460	530

Income statement

(in millions of euros)	2013	2012
Contractual interest paid	(15)	(16)
Additional interest calculated at interest rate excluding the option*	(15)	(24)
Total financial expense	(30)	(40)

* Calculated using the effective interest method. Includes the balance of 6 million euros related to the partial buyback of the OCEANE 2013 bonds in February 2012.

c. Analysis of gross debt by currency and interest rate

Long-term debt (excluding short-term accrued interest not yet due)

	Weighted average EIR* (%)		In millions of euros	
At December 31	2013	2012	2013	2012
OCEANE 2019 convertible/exchangeable bonds	5.73	5.73	241	234
OCEANE 2016 convertible/exchangeable bonds	8.48	8.48	204	195
Ordinary bonds redeemable in 2017	5.95	5.95	348	348
Ordinary bonds redeemable in 2018	4.53	4.53	247	247
Other	1.13	0.45	9	4
Total	**6.00**	**6.02**	**1,049**	**1,028**

* Effective interest rate.

Over 99% of the Group's medium- and long-term debt is at fixed interest rates.

Long-term debt denominated in currencies other than the euro essentially corresponds to borrowings granted to Liban Cables which carry preferential rates.

Short-term debt

	Weighted average EIR* (%)		In millions of euros	
At December 31	**2013**	2012	**2013**	2012
Euro: OCEANE 2013 convertible/exchangeable bonds	N/A	6.23	N/A	85
Euro: excluding OCEANE 2013 convertible/exchangeable bonds	1.71	2.30	57	47
US dollar	3.37	3.33	30	40
Other	5.81	6.94	147	224
Total short-term debt excluding accrued interest	**4.49**	**5.88**	**234**	**396**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	41	28
Total short-term debt	**4.49**	**5.88**	**275**	**424**

* Effective interest rate.

At December 31, 2013, US dollar-denominated debt primarily concerned subsidiaries located in Lebanon and China.

Debt denominated in currencies other than euros and US dollars corresponds to borrowings taken out locally by certain Group subsidiaries in Asia (notably China and Japan), the Middle East/North Africa (e.g., Turkey, Morocco and Egypt), and South America (primarily Brazil). In some cases such local borrowing is required as the countries concerned do not have access to the Group's centralized financing facilities. However, it may also be set up in order to benefit from a particularly attractive interest rate or to avoid the risk of potentially significant foreign exchange risk depending on the geographic region in question.

The vast majority of the Group's short-term debt is at variable rates based on monetary indices (see Note 25.b).

d. Analysis by maturity (including accrued interest)

Since October 1, 2008 Nexans Services, a wholly-owned Nexans subsidiary, has been responsible for the Group's centralized cash management. However, in its capacity as parent company, the Company 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 Note 25.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, 2013

	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	350	60	-	-	350	80
Bonds redeemable in 2018	-	13	250	45	-	-	250	58
OCEANE 2016 convertible/exchangeable bonds	-	9	213	17	-	-	213	26
OCEANE 2019 convertible/exchangeable bonds	-	7	-	28	275	7	275	42
Other long-term borrowings	-	-	7	0	2	0	9	0
Short-term borrowings including short-term bank loans and overdrafts	233	5	-	-	-	-	233	5
Total	**233**	**54**	**820**	**150**	**277**	**7**	**1,330**	**211**

Notes concerning the preparation of the maturity schedule:

- It is assumed that the OCEANE 2016 convertible/exchangeable bonds will be redeemed on January 2, 2016.
- It is assumed that the OCEANE 2019 convertible/exchangeable bonds will be redeemed on January 2, 2019.
- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material at the level of the Group.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year end exchange rate at December 31, 2013.
- 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 2014.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2013 for variable-rate borrowings (see Note 23.c above).

Note 24: Other current financial liabilities

At December 31, in millions of euros	2013	2012
Derivative instruments	51	29
Other operating liabilities	39	34
Other non-operating liabilities	3	2
Other	0	0
Total	**93**	**65**

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 26.a).

The majority of these liabilities are payable within 12 months of the year-end.

Note 25: Financial risks

The Group Finance Department determines the Group's overall policy for managing financial risks. It is assisted by the following two departments:

- The Treasury and Financing Department, which manages risks related to liquidity, foreign exchange, interest rates, credit and banking counterparties, deposits and investments. This Department forms part of Nexans Services.
- The Metals Management Department, which manages risks relating to non-ferrous metal prices as well as credit and financial counterparty risks for entities that trade in non-ferrous metals markets.

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.

The main subsidiaries that did not have access to the centralized cash management system at December 31, 2013 are located in Turkey, Egypt, Morocco, China, South Korea, Peru, Brazil, 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 nonferrous metals risks.

Similarly, risks related to non-ferrous metals are managed centrally whenever possible. Newly-acquired subsidiaries are included within this system on a gradual basis. At December 31, 2013 the main subsidiaries whose non-ferrous metals risks are not managed centrally were located in China, Australia and New Zealand.

a. Liquidity risks

Group financing

Over the past several years the Group has implemented a strategy of diversifying its sources of financing, through:

- Issues of convertible/exchangeable bonds, i.e., the OCEANE 2016 and 2019 bonds.
- Issues of ordinary bonds maturing in 2017 and 2018.
- A syndicated loan.
- Receivables securitization programs.
- Local credit facilities.

Main liquidity indicators for the Group at December 31, 2013

(in millions of euros)	Ceiling	Utilization	Available amount
Syndicated credit facility	597	0	597
Ordinary bonds redeemable in 2017*	350	350	0
Ordinary bonds redeemable in 2018*	250	250	0
OCEANE 2016 convertible/exchangeable bonds*	213	213	0
OCEANE 2019 convertible/exchangeable bonds*	275	275	0
Total financing	**1,685**	**1,088**	**597**
Short-term financial assets included in net debt			0
Cash and cash equivalents			987

* Nominal amount including the conversion option where applicable.

In February 2013, the Group increased the amount of its medium-term syndicated credit facility by 57 million euros, from 540 million euros to 597 million euros. The increase was carried out by introducing a new bank lender, without amending any of the other provisions of the syndicated loan agreement.

Also in 2013, the Group continued to implement its receivables securitization plan set up in April 2010. The plan'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 plan, which comprises two distinct but complementary programs:

- An "On Balance Sheet" program, under which the sold receivables are not derecognized. The level of outstandings under this program is currently capped at 110 million euros worth of financed 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 capped at 25 million euros. The transfer of the risks and rewards of ownership of these receivables does not give rise to any risk of dilution.

At December 31, 2013, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were 75 million euros and 19 million euros respectively, compared with 45.5 million euros and 25 million euros at December 31, 2012. Details of the receivables sold under the "On Balance Sheet" program are provided in Note 18. For the "Off Balance Sheet" program, the related subordinated deposit amounted to 1.6 million euros.

Monitoring and controlling liquidity risks

The Treasury and Financing Department monitors changes in the treasury and liquidity positions of the Group on a weekly basis (encompassing both holding companies and operating entities). 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 Nexans Services centralized cash management system must be approved in advance by the Treasury and Financing Department and may not have maturity dates exceeding 12 months, unless express authorization is obtained.

The key liquidity indicators that are monitored are (i) the unused amounts of credit facilities granted to the Group; and (ii) available cash and cash equivalents.

The Group also monitors its net debt position on a monthly basis (see Note 23 for the definition of net debt).

Covenants and acceleration clauses

The 597 million euro syndicated credit facility, which expires on December 1, 2016, contains covenants based on the following two financial ratios:

- the Group's ratio of net debt to equity (including non-controlling interests) must be below 1.10; and
- consolidated debt must not exceed (i) 3.5x EBITDA between January 1, 2013 and December 31, 2014, and (ii) 3x EBITDA subsequent to December 31, 2014.

For the purpose of this calculation EBITDA is defined as operating margin before tax, depreciation and amortization.

These ratios were well within the specified limits at both December 31, 2013 and at the date the Board of Directors approved the financial statements.

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of thirty days depending on the nature of the breach.

The Group is not subject to any other financial ratio covenants.

This syndicated loan agreement, together with the indentures for the OCEANE 2016 bonds, the OCEANE 2019 bonds and the ordinary bonds redeemable in 2017 and 2018, also contain standard covenants (negative pledge, cross default, pari passu and change of control clauses), which, if breached, could accelerate repayment of the syndicated loan 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 A2 by Standard & Poor's and P2 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, 2013, the Group's cash surpluses were recognized under "Cash and cash equivalents" in the consolidated statement of financial position and 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 and certificates of deposit issued by banks with an initial investment period of less than one year.

b. Interest rate risks

The Group structures its financing in such a way as to avoid exposure to the risk of rises in interest rates:

- The vast majority of Nexans' medium- and long-term debt is at fixed rates. At December 31, 2013 the bulk of this debt corresponded to the OCEANE 2016 and 2019 bonds and the ordinary bonds redeemable in 2017 and 2018.

- All of the Group's short-term debt at December 31, 2013 was at variable rates based on monetary indices (EONIA, Euribor, Libor or local indices). Fixed-rate debt with original maturities of less than one year is considered as variable-rate debt. The Group's short-term cash surpluses are invested in instruments which have maturities of less than one year and are therefore at adjustable rates (fixed rate renegotiated when the instrument is renewed) or at variable rates (based on the EONIA or LIBOR over a shorter duration than that of the investment). Consequently, the Group's net exposure to changes in interest rates is not significant and amounted to 752 million euros at December 31, 2013 and 536 million euros at December 31, 2012.

The Group did not have any interest rate hedges in place at either December 31, 2013 or December 31, 2012.

	2013			2012		
At December 31, in millions of euros	Current	Non-current	Total	Current	Non-current	Total
Variable rate						
Financial liabilities	235	5	240	311	3	314
Cash and cash equivalents	(987)	-	(987)	(847)	-	(847)
Net variable rate position	(752)	5	(747)	(536)	3	(533)
Fixed rate						
Financial liabilities*	40	1,044	1,084	114	1,025	1,139
Cash and cash equivalents	-	-	-	-	-	-
Net fixed rate position	40	1,044	1,084	114	1,025	1,139
Net debt	(712)	1,049	337	(422)	1,028	606

* Including the short-term portion of accrued interest not yet due 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' operating 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.

The Group's policy is to hedge its foreign exchange risk on cash flows relating to foreseeable significant 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.

Some 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 fluctuation 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 risk 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 the Treasury and Financing Department. 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 Group 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, other than in the very specific cases described below, this foreign exchange risk exposure on debt is hedged in the same way as exposure to risk on commercial transactions in foreign currencies.

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 the Treasury and Financing Department by all subsidiaries exposed to this type of risk, irrespective of whether or not they are members of the cash pool. 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.

The Treasury and Financing Department has developed training materials for the Group's operations teams and carries out ad hoc audits to ensure that the relevant procedures have been properly understood and applied. Lastly, the Internal Audit Department systematically verifies that the procedures for identifying and hedging foreign exchange risks have been properly applied during its audit engagements carried out at the Group's operating subsidiaries.

Net position at December 31, 2013

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, 2013 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, 2013

(in thousands of currency units)	USD	NOK	EUR
Trade receivables	215	-	46
Trade payables	(308)	(11)	(59)
Bank accounts	93	107	17
Loans/(Borrowings)	217	94	(175)
Commitments – Future cash flows	(36)	(5)	250
Total exposure	181	185	79
Net nominal amount of hedges	(211)	(195)	(101)
Residual net exposure	(30)	(10)	(22)

The Group's residual net exposure to foreign exchange risks at December 31, 2013 was primarily attributable to the fact that:

- (i) the Group has US dollar-denominated financial liabilities in countries whose currencies are strongly correlated to the US dollar; and
- (ii) the Group has euro- or US dollar-denominated debt in countries where the cost of hedging or financing in the local currency is prohibitive.

The risk of foreign exchange gains or losses affecting the consolidated income statement is negligible for the liabilities referred to in (i) above.

Foreign currency translation risk

Due to its international presence, the Group is exposed to foreign currency translation risk on the net assets of subsidiaries whose functional currency is not the euro. It is Group policy not to hedge these risks.

d. Metal price risks

The Group's policy for managing non-ferrous metals risks is defined and overseen by the 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 2013

Compared with the two preceding years, euro copper prices were relatively stable in 2013, mainly fluctuating within the range of 5,100 to 6,200 euros per tonne. US dollar prices were slightly more volatile, however, fluctuating between 6,600 and 8,200 US dollars per tonne:

- At December 31, 2013 the closing price of copper on the London Metal Exchange was 7,376 US dollars per tonne, down 7% compared with the December 31, 2012 price of 7,907 US dollars per tonne. Copper prices expressed in euros fell 11% from 5,988 euros per tonne at December 31, 2012 to 5,348 euros per tonne at end-2013.
- The average spot price for copper on the London Metal Exchange in 2013 was 7,322 US dollars per tonne, down 8% on the 2012 average spot price of 7,950 US dollars per tonne. Expressed in euros, the year-on-year decrease was sharper, at 11%, with the average spot price for copper amounting to 5,515 euros per tonne compared with the 6,183 euro average for 2012.

This relative price stability was, however, accompanied by a gradual rise in "producer" premiums which reached the same levels as at end-2010.

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 degree, Shanghai, metal exchanges. Nexans does not generate any income from speculative trading of metals.

Nevertheless, the Group's production units require a permanent level of metal inventories for their routine operations, 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). However, as described in Note 1.e.c, at the level of operating income, Core exposure is measured at its weighted average cost and therefore the difference between historical cost and weighted average cost is recognized under "Core exposure effect" in the income statement.

As a result, 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.

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 Note 25.c above on foreign exchange risk).

Verifying the correct application of procedures

The Group verifies that its procedures for managing and hedging metal risks are correctly applied by means of each operating subsidiary reporting monthly on its exposure to copper, aluminum and lead risk in both tonnage and value terms. The related reports are analyzed and consolidated at Group level by the Metals Management Department.

In addition, the Metals Management Department regularly provides training sessions and performs controls within the subsidiaries to ensure that the procedures are properly understood and applied. It has also created training modules on the Group intranet for operations teams, including salespeople, buyers, finance staff and "hedging operators", who are in charge of daily hedging activities concerning metals risks. Lastly, the Internal Audit Department systematically verifies that the procedures for identifying and hedging metals risks have been properly applied during its audit engagements carried out at the Group's operating subsidiaries.

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 automatically implies an increase in working capital requirement. Conversely, a sharp decrease in the price of copper would significantly reduce working capital requirement and be profitable to the Group.

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. Consequently:

- The Group 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 23). 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.

Amounts deposited by the Group to meet margin calls were not material at either December 31, 2013 or December 31, 2012.

The Group's main copper commitments

At December 31, 2013 and 2012, the Group's main copper exposures (a key indicator tracked by Management) were as follows:

At December 31, in tonnes	2013	2012
Cash settlement obligations		
- Purchases	55,449	62,496
- Sales	21,895	10,838
Physical settlement obligations		
- Purchases*	126,100	112,771
- Sales	102,807	110,656

* 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). The Group's 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 26.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.

e. Credit and counterparty risk

In addition to customer credit risk, counterparty risk arises primarily on foreign exchange and non-ferrous metal derivatives as well as on the Group's investments and deposits placed with banks.

Customer credit risk

The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. At December 31, 2013, no single customer represented more than 5% of the Group's total outstanding receivables.

The Group also applies a proactive policy for managing and reducing its customer risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries throughout the course of 2013. The Group has also set up a master credit insurance program for all of its subsidiaries, although a portion of its trade receivables is not covered by this program. Credit risk has been heightened by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. This situation means that it is more difficult or even almost prohibitive to obtain credit risk coverage in Greece, Spain, Argentina, Egypt and Morocco.

Foreign exchange derivatives

Where local legislation permits, operating entities that are members of the cash pool carry out their foreign exchange transactions with Nexans Services, which in turn hedges its positions through banks.

In order to keep counterparty risk as low as possible, for foreign exchange transactions that have maturities of more than one year the Group only authorizes its entities to deal with banks that have been assigned medium- and long-term ratings of at least A- by Standard & Poor's and A3 by Moody's. For transactions with maturities of under one year, in order to be authorized banks must have short-term ratings of at least A2 by Standard & Poor's and P2 by Moody's.

For subsidiaries that are not members of the cash pool, the same criteria apply but exceptions may be made, notably 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 these subsidiaries is subject to a specific monthly monitoring process that tracks the external commitments made by each subsidiary 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 2,492 million euros at December 31, 2013, while unexpired forward sales amounted to 2,509 million euros (see Note 26.b). At December 31, 2012, outstanding forward purchases of foreign currency represented a notional amount of 2,826 million euros and unexpired forward sales amounted to 2,794 million euros.

For transactions managed by Nexans Services, at December 31, 2013, outstanding forward purchases of foreign currency represented a notional amount of 2,035 million euros and unexpired forward sales amounted to 2,051 million euros, accounting for around 82% of the Group's total commitments at that date (compared with 88% at December 31, 2012). The counterparty risk on these transactions is deemed to be low as the commitments are mainly divided between twelve counterparties with ratings of between AA/Aa2 and BBB+/Baa.

Based on a breakdown by maturity of notional amounts at December 31, 2013 (the sum of the absolute values of notional amounts of buyer and seller positions), the Group's main exposure for all subsidiaries (both members and non-members of the centralized cash management system) is to very short-term maturities (see Note 26.d):

- less than 6 months: 86%
- between 6 months and 1 year: 12%
- beyond 1 year: 2%

The fair value of these outstanding positions at December 31, 2013 is presented in Note 26.a.

Metal derivatives

The Nexans Group hedges its exposure to copper, aluminum and, to a lesser extent, lead, by entering into derivatives transactions in three organized markets: the LME in London, the COMEX in New York and, in certain limited cases, the SHFE in Shanghai. Substantially all of the derivatives transactions conducted by the Group are standard buy and sell trades. The Group does not generally use metal options.

The Metals Management Department performs metal derivatives transactions on behalf of substantially all of the Group's subsidiaries apart from – at December 31, 2013 – its Chinese, Australian and New Zealand entities. Transactions managed centrally on behalf of subsidiaries represented 90% of net outstanding metal derivatives transactions at December 31, 2013 and 93% at December 31, 2012.

Non-ferrous metal hedging transactions carried out on commodity exchanges may give rise to two different types of counterparty risk:

- the risk of not recovering cash deposits made (margin calls); and
- the replacement risk for contracts on which the counterparty defaults (mark-to-market exposure, i.e., the risk that the terms of a replacement contract will be different from those in the initial contract).

The Metals Management Department manages counterparty risk on the Group's derivative instruments by applying a procedure that sets ceilings by counterparty and by type of transaction. The level of these ceilings depends notably on the counterparties' ratings. In addition, the transactions carried out are governed by master netting agreements developed by major international Futures and Options Associations that allow for the netting of credit and debit balances on each contract.

The Group's counterparties for these transactions are usually its existing financial partners, provided they have a long-term rating of at least A-/A3. Counterparties rated between BBB-/Baa3 and BBB+/Baa1 can also be approved provided the Group's aggregate exposure to these counterparties does not exceed (i) 25 million US dollars for counterparties rated BBB+ or BBB, and (ii) 10 million US dollars for counterparties rated BBB-.

In Australia and New Zealand, because of the countries' time zone, the Group's subsidiaries carry out metal derivatives transactions with an Australian broker, which is not rated. However, the Group only has a low level of exposure with this broker. 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 Group's metal derivatives transactions are governed by master netting agreements developed by major international Futures and Options Associations that, in the event of a default, allow for the netting of a Group subsidiary's assets and liabilities related to the defaulting counterparty.

The Group's maximum theoretical counterparty risk on its metal derivatives transactions can be measured as the sum of credit balances (including positive mark-to-market adjustments) and cash deposits, after contractually permitted asset and liability netting. This maximum theoretical risk amounted to 5.3 million euros at December 31, 2013 and 7.3 million euros at December 31, 2012.

As shown in the following maturity schedule for outstanding non-ferrous metal contracts at December 31, 2013 (for all subsidiaries, irrespective of whether they are members of the centralized cash management system), 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: 54%,
- between 6 months and 1 year: 25%,
- 1 to 2 years: 21%,
- 2 to 3 years: 0%,
- beyond 3 years: 0%.

Outstanding collateral deposited to meet margin calls from brokers did not represent a material amount at either December 31, 2013 or December 31, 2012 (see Note 19).

In conclusion, the Group does not have significant exposure to credit risk. The Group considers that its management of counterparty risk is in line with market practices but it cannot totally rule out a significant impact on its consolidated financial statements should it be faced with the occurrence of systemic risk.

Risk on deposits and investments

The table below sets out the Group's counterparty risk relating to investments and deposits of Nexans Services' cash surpluses placed with banks at December 31, 2013. These Nexans Services investments and deposits amounted to an aggregate 701 million euros at that date, representing 71% of the Group total.

(in millions of euros)

Counterparty rating	AA-	A+	A	A -	BBB	Money market funds (SICAV)	Total
Cash on hand	31	38	201	67	50	-	387
Short-term money market funds (SICAV)*	-	-	-	-	-	314	314
Certificates of deposit/EMTN	-	-	-	-	-	-	-
Total	**31**	**38**	**201**	**67**	**50**	**314**	**701**

* Based on the AMF classification.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in Note 25.a.

f. Market risk sensitivity analysis

A sensitivity analysis is provided below on the impact that a theoretical change in the above-mentioned main market risks would have on consolidated income and equity.

Sensitivity to interest rates

Main assumptions:

- The Group's long-term debt (convertible bonds and ordinary bonds) is at fixed rates. As it is generally only short-term borrowings (excluding the OCEANE 2013 bonds) that are 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 2013 (with all other factors remaining constant, notably exchange rates):

Sensitivity at December 31, 2013

	Weighted average effective interest rate for gross short-term debt (see Note 23.c)	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
Euro	1.71%	(435)	(641)	(2.18)	(3.21)
US dollar	3.37%	(53)	(69)	(0.26)	(0.34)
Other	5.81%	1	(28)	0.00	(0.14)
Group total*		**(487)**	**(738)**	**(2.44)**	**(3.69)**

* Sign convention: financial income and net cash positions are presented as negative amounts.

Sensitivity at December 31, 2012

	Weighted average effective interest rate for gross short-term debt (see Note 23.c)	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
Euro	2.30%	(366)	(474)	(1.83)	(2.37)
US dollar	3.33%	(33)	(65)	(0.16)	(0.32)
Other	6.94%	(29)	3	(0.15)	0.01
Group total*		**(428)**	**(536)**	**(2.14)**	**(2.68)**

* Sign convention: financial income and net cash positions are presented as negative amounts.

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.

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 (any 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 constant, notably exchange rates):

- A 10% increase in copper prices at December 31, 2013 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.
- 105,000 tonnes and 98,000 tonnes of copper included in working capital requirement at December 31, 2013 and 2012 respectively.
- Short-term interest rate (3-month Euribor) of 0.2% in 2013 and 2012.
- 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).
- 58,825 tonnes of copper classified as Core exposure at December 31, 2013 (54,800 tonnes at December 31, 2012).
- A theoretical income tax rate of 34.43% for 2013 and 36.10% for 2012.

(1) Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

Any 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)	2013	2012
Impact on operating income	32	34
Impact on net financial expense	(0)	(1)
Net impact on income (after tax)	21	22
Impact on equity* (after tax)	12	19

*Excluding net income (loss) for the period.

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, 2013 and 2012, e.g., using US dollar/euro exchange rates of 1.52 and 1.45 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, 2013

(in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	(10)	N/A
Bank accounts	(4)	N/A
Trade payables	15	N/A
Loans/borrowings	(8)	-
Net position – USD underlyings	(7)	-
Portfolio of forward purchases***	(15)	(22)
Portfolio of forward sales***	28	18
Net position – USD derivatives	13	(4)
Net impact on the Group	**6**	**(4)**

* Excluding net income (loss) 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, 2012

(in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	(11)	N/A
Bank accounts	(5)	N/A
Trade payables	14	N/A
Loans/borrowings	(6)	-
Net position – USD underlyings	(8)	-
Portfolio of forward purchases***	(13)	(21)
Portfolio of forward sales***	20	20
Net position – USD derivatives	7	(1)
Net impact on the Group	**(1)**	**(1)**

* Excluding net income (loss) for the period.
** Using a theoretical income tax rate of 36.10%.
*** 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 submarine high-voltage cables.

The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% decrease in the Norwegian krone spot rate against the world's other major currencies), e.g., using closing Norwegian krone/euro exchange rates of 9.2 and 8.09 at December 31, 2013 and 2012 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2013

(in millions of euros)	Impact on income (net after tax**)	Impact on equity* (after tax**)
Trade receivables	0.5	N/A
Bank accounts	(0.1)	N/A
Trade payables	(1.0)	N/A
Loans/borrowings	0.1	-
Net position – NOK underlyings	(0.5)	-
Portfolio of forward purchases***	2.1	0
Portfolio of forward sales***	1.0	0
Net position – NOK derivatives	3.1	(1.5)
Net impact on the Group	**1.5**	**(1.5)**

* Excluding net income (loss) for the period.
** Using a theoretical income tax rate of 34.43%.
*** Forward purchases and sales that comprise an exposure to the Norwegian krone.

Sensitivity at December 31, 2012

(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	(2)	N/A
Loans/borrowings	(0)	-
Net position – NOK underlyings	(2)	-
Portfolio of forward purchases***	6	15
Portfolio of forward sales***	0	(46)
Net position – NOK derivatives	6	(31)
Net impact on the Group	**4**	**(31)**

* Excluding net income (loss) for the period.
** Using a theoretical income tax rate of 36.10%.
*** Forward purchases and sales that comprise an exposure to the Norwegian krone.

Note 26: Derivative instruments

a. Market value

The market value of the derivative instruments used by the Group for its operational hedges of 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	2013	2012
Assets		
Foreign exchange derivatives – Cash flow hedges*	17	34
Metal derivatives – Cash flow hedges*	6	10
Foreign exchange derivatives – Held for trading*	10	16
Metal derivatives – Held for trading*	0	0
Total – Assets	33	60
Liabilities		
Foreign exchange derivatives – Cash flow hedges*	37	14
Metal derivatives – Cash flow hedges*	6	5
Foreign exchange derivatives – Held for trading*	8	10
Metal derivatives – Held for trading*	0	0
Total – Liabilities	51	29

* Within the meaning of IAS 32/39.

These amounts are included in "Other current financial assets" (see Note 19) and "Other current financial liabilities" (see Note 24) in the consolidated statement of financial position. Derivatives primarily comprise forward purchases and sales.

For derivatives qualified as "cash flow hedges", the opening and closing positions in the consolidated 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, 2013.

	2013				
At December 31, in millions of euros	USD	NOK	EUR	Other	Total
Notional amounts – Buyer positions					
Metal derivatives – Cash flow hedges*	171	-	93	23	287
Metal derivatives – Held for trading*	14	-	17	16	47
Total – Notional amounts – Buyer positions	185	-	110	39	334
Notional amounts – Seller positions					
Metal derivatives – Cash flow hedges*	51	-	20	12	83
Metal derivatives – Held for trading*	37	-	2	7	46
Total – Notional amounts – Seller positions	88	-	22	19	129

* Within the meaning of IAS 32/39.

Notional commitments on metal derivatives for 2013 and 2012 are summarized below:

(in millions of euros)	2013	2012
Notional amounts – Buyer positions	334	426
Notional amounts – Seller positions	(129)	(85)
Net metal derivatives positions*	205	341

* 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, 2013. 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 upon maturity) and a notional amount for its long leg (the nominal amount of currencies that will be received by the Group upon maturity).

	2013				
At December 31, in millions of euros	USD	NOK	EUR	Other	Total
Notional amounts – Buyer positions					
Foreign exchange derivatives – Cash flow hedges*	183	637	285	161	1,266
Foreign exchange derivatives – Held for trading*	342	9	485	390	1,226
Total – Notional amounts – Buyer positions	525	646	770	551	2,492
Notional amounts – Seller positions					
Foreign exchange derivatives – Cash flow hedges*	190	299	521	277	1,287
Foreign exchange derivatives – Held for trading*	499	41	205	477	1,222
Total – Notional amounts – Seller positions	689	340	726	754	2,509

* 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 2013 and 2012 are summarized below:

(in millions of euros)	2013	2012
Notional amounts – Buyer positions	2,492	2,826
Notional amounts – Seller positions	(2,509)	(2,794)
Net foreign exchange derivatives positions*	(17)	32

* 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 2013 and 2012:

2013 (in millions of euros)	Gains and losses on derivatives held for trading*	Gains and losses on cash flow hedges reclassified to income*	Fair value hedges*			Total income statement impact
			Underlying	Derivative	Ineffectiveness*	
Metal derivatives	(1)	(33)	-	-	0	(34)
Foreign exchange derivatives	11	(2)	(50)	49	(3)	55
Interest rate derivatives	0	-	-	-	-	0
Total	**10**	**(35)**	**(50)**	**49**	**(3)**	**22**

* Within the meaning of IAS 32/39.

2012 (in millions of euros)	Gains and losses on derivatives held for trading*	Gains and losses on cash flow hedges reclassified to income*	Fair value hedges*			Total income statement impact
			Underlying	Derivative	Ineffectiveness*	
Metal derivatives	0	7	-	-	0	7
Foreign exchange derivatives	1	1	-	-	3	5
Interest rate derivatives	0	-	-	-	-	0
Total	**1**	**8**	**-**	**-**	**3**	**12**

* Within the meaning of IAS 32/39.

Analysis:

- Metal derivatives: The majority of the Group's metal transactions are hedged by instruments that are designated and documented as cash flow hedges.
  All realized gains and losses on metal derivatives including reclassified 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 reclassified to the income statement are included in operating margin. All other unrealized and realized gains and losses on 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 27.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.

Foreign exchange derivatives classified as fair value hedges primarily correspond to hedges of loans and borrowings denominated in foreign currencies.

The ineffective portion of foreign exchange derivatives mainly 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 25.b above. Any impact of these derivatives is recorded in "Cost of debt (gross)" in the consolidated 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, 2013 and 2012, 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, 2013 and 2012:

	2013		2012	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Within 1 year	28	45	42	23
Between 1 and 2 years	0	0	8	1
Between 2 and 3 years	0	-	-	0
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
Total	**28**	**45**	**50**	**24**

The maturity schedule based on the notional amounts of these derivatives was as follows at December 31, 2013 and 2012:

	2013		2012	
(in millions of euros)	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,446	2,463	2,472	2,453
Between 1 and 2 years	45	46	348	335
Between 2 and 3 years	1	1	5	5
Between 3 and 4 years	-	-	1	1
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
Total	**2,492**	**2,509**	**2,826**	**2,794**

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.

	2013		2012	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Within 1 year	4	5	9	4
Between 1 and 2 years	1	0	1	1
Between 2 and 3 years	0	0	0	0
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
Total	**5**	**5**	**10**	**5**

Note 27: 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:

				Accounting treatment under IAS 39				
(in millions of euros)	IAS 39 category	Fair value hierarchy level	Carrying amount at Dec. 31, 2013	Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	Fair value at Dec. 31, 2013
Assets								
Available-for-sale securities	Available-for-sale financial assets	N/A	17	✘	✔	✘	✘	17
Commercial receivables								
- Amounts due from customers on construction contracts	Loans and receivables	N/A	218	✔	✘	✘	✘	218
- Trade receivables	Loans and receivables	N/A	1,012	✔	✘	✘	✘	1, 012
Derivatives not designated as hedges	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	10 0	✘	✘	✔	✘	10 0
Derivatives designated as hedges	Financial assets at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	17 6	✘	✘	✘	✔	17 6
- Other current and noncurrent financial assets	Loans and receivables	N/A	88	✔	✘	✘	✘	88
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	382 605	✘	✘	✔	✘	987

✔ Accounting treatment applied.

* As these derivatives are designated as cash flow hedges, their changes in fair value are recognized directly in equity.

			Accounting treatment under IAS 39					
	IAS 39 category	Fair value hierarchy level	Carrying amount at Dec. 31, 2013	Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	Fair value at Dec. 31, 2013
Liabilities								
Gross debt								
- Convertible bonds	Financial liabilities at amortized cost	N/A	460	✔	✘	✘	✘	519
- Ordinary bonds	Financial liabilities at amortized cost	N/A	620	✔	✘	✘	✘	660
- Other financial liabilities	Financial liabilities at amortized cost	N/A	244	✔	✘	✘	✘	244
Commercial payables								
- Liabilities related to construction contracts	Financial liabilities at amortized cost	N/A	126	✔	✘	✘	✘	126
- Trade payables	Financial liabilities at amortized cost	N/A	1,108	✔	✘	✘	✘	1,108
Derivatives not designated as hedges	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	8 0	✘	✘	✔	✘	8 0
Derivatives designated as hedges	Financial liabilities at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	37 6	✘	✘	✘	✔	37 6
Other current and noncurrent financial liabilities	Financial liabilities at amortized cost	N/A	42	✔	✘	✘	✘	42

✔ 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 and 2018 as well as the liability component of its OCEANE 2016 and 2019 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, 2013 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, 2013 (36.83 euros).

  ii. The spot price of the OCEANE bonds at December 31, 2013 (59.41 euros and 74.50 euros for the OCEANE 2016 bonds and OCEANE 2019 bonds respectively).

iii. A two-year euro swap rate of 0.40% for the OCEANE 2016 bonds and a five-year euro swap rate of 1.10% for the OCEANE 2019 bonds. The term applied corresponds to the term of the investors' put options on the convertible bonds.

iv. A two-year credit spread of 100 basis points for the OCEANE 2016 bonds, based on 23.5% implicit volatility, and a five-year credit spread of 225 basis points for the OCEANE 2019 bonds, based on a 24% implicit volatility. The term applied corresponds to the term of the investors' put options on the convertible bonds.

v. A bond lending/borrowing cost representing 100 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 2012:

				Accounting treatment under IAS 39				
(in millions of euros)	IAS 39 category	Fair value hierarchy level	Carrying amount at Dec. 31, 2012	Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	Fair value at Dec. 31, 2012
Assets								
Available-for-sale securities	Available-for-sale financial assets	N/A	20	✘	✔	✘	✘	20
Commercial receivables								
- Amounts due from customers on construction contracts	Loans and receivables	N/A	335	✔	✘	✘	✘	335
- Trade receivables	Loans and receivables	N/A	1,080	✔	✘	✘	✘	1,080
Derivatives not designated as hedges	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	16 0	✘	✘	✔	✘	16 0
Derivatives designated as hedges	Financial assets at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	34 10	✘	✘	✘	✔	34 10
Other current and noncurrent financial assets								
- Short-term financial assets	Financial assets at fair value through profit or loss	1	83	✘	✘	✔	✘	83
- Other current and noncurrent financial assets	Loans and receivables	N/A	0	✔	✘	✘	✘	0
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	22 825	✘	✘	✔	✘	847

✔ Accounting treatment applied.
* As these derivatives are designated as cash flow hedges, their changes in fair value are recognized directly in equity.

				Accounting treatment under IAS 39				
(in millions of euros)	IAS 39 category	Fair value hierarchy level	Carrying amount at Dec. 31, 2012	Carried at amortized cost	Carried at cost	Carried at fair value through profit or loss	Carried at fair value with changes recognized in equity	Fair value at Dec. 31, 2012
Liabilities								
Gross debt								
- Convertible bonds	Financial liabilities at amortized cost	N/A	530	✔	✘	✘	✘	583
- Ordinary bonds	Financial liabilities at amortized cost	N/A	608	✔	✘	✘	✘	642
- Other financial liabilities	Financial liabilities at amortized cost	N/A	315	✔	✘	✘	✘	315
Commercial payables								
- Liabilities related to construction contracts	Financial liabilities at amortized cost	N/A	210	✔	✘	✘	✘	210
- Trade payables	Financial liabilities at amortized cost	N/A	1,136	✔	✘	✘	✘	1,136
Derivatives not designated as hedges	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	10 0	✘	✘	✔	✘	10 0
Derivatives designated as hedges	Financial liabilities at fair value through profit or loss*	Foreign exchange: 2 Metal: 1	14 5	✘	✘	✘	✔	14 5
Other current and noncurrent financial liabilities	Financial liabilities at amortized cost	N/A	36	✔	✘	✘	✘	36

✔ 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 and 2018 as well as the liability component of its OCEANE 2013, 2016 and 2019 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, 2012 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, 2012 (33.51 euros).

ii. The spot price of the OCEANE bonds at December 31, 2012 (86.86 euros, 58.00 euros and 70.10 euros for the OCEANE 2013, 2016 and 2019 bonds respectively).

iii. A three-year euro swap rate of 0.38% for the OCEANE 2016 bonds and a six-year euro swap rate of 0.77% for the OCEANE 2019 bonds.

iv. A three-year credit spread of 269 basis points for the OCEANE 2016 bonds and a six-year credit spread of 334 basis points for the OCEANE 2019 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.

b. Calculations of net gains and losses

2013 (in millions of euros)	Net gains (losses)					
		On subsequent remeasurement				
	Interest	Fair value adjustments	Currency translation differences	Impairment	On disposal	2013 total
Available-for-sale financial assets	-	-	N/A	(2)	0	(2)
Loans and receivables	1	N/A	12	(12)	-	1
Financial assets and liabilities at fair value through profit or loss	N/A	48	N/A	N/A	N/A	48
Financial liabilities at amortized cost	(85)	N /A	(61)	-	N/A	(146)
Total	**(84)**	**48**	**(49)**	**(14)**	**0**	**(99)**

2012 (in millions of euros)	Net gains (losses)					
		On subsequent remeasurement				
	Interest	Fair value adjustments	Currency translation differences	Impairment	On disposal	2012 total
Available-for-sale financial assets	-	-	N/A	(6)	0	(6)
Loans and receivables	1	N/A	(3)	(5)	-	(7)
Financial assets and liabilities at fair value through profit or loss	N/A	8	N/A	N/A	N/A	8
Financial liabilities at amortized cost	(89)	N /A	1	-	N/A	(88)
Total	**(88)**	**8**	**(2)**	**(11)**	**0**	**(93)**

- 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 23**). 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 26.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 which amounted to a negative 2 million euros in 2013 and a positive 6 million euros in 2012. 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 2013.

Note 28: Operating leases

Future minimum payments under non-cancelable operating leases were as follows at December 31, 2013 and 2012:

		Payments due by maturity		
(in millions of euros)	Total	Within 1 year	Between 1 and 5 years	Beyond 5 years
At December 31, 2013	97	32	59	6
At December 31, 2012	112	31	72	9

Note 29: Related party transactions

Related party transactions primarily concern commercial or financial transactions carried out with the Invexans group (owned by the Quiñenco group) – a major Nexans shareholder – as well as with associates, non-consolidated companies and directors and officers (whose total compensation is presented in the table set out in Note 29.d below).

a. Income statement

The main income statement items affected by related party transactions in 2013 and 2012 were as follows:

(in millions of euros)	2013	2012
Revenue		
- Non-consolidated companies	61	79
- Joint ventures	-	-
- Associates	1	5
Cost of sales		
- Non-consolidated companies	(6)	(5)
- Joint ventures	-	-
- Associates	(14)	(21)

b. Statement of financial position

The main items in the statement of financial position affected by related party transactions in 2013 and 2012 were as follows:

(in millions of euros)	2013	2012
Assets		
- Non-consolidated companies	17	9
- Joint ventures	-	-
- Associates	9	2
Financial liabilities/(receivables)		
- Non-consolidated companies	(6)	(11)
- Joint ventures	-	-
- Associates	(4)	-
Other liabilities		
- Non-consolidated companies	1	2
- Joint ventures	-	-
- Associates	11	2

c. Relations with the Quiñenco group

Following Nexans' acquisition of the Quiñenco group's cables business on September 30, 2008 as well as the agreement entered into on March 27, 2011 and the amendment thereto dated November 26, 2012, aimed at giving Quiñenco a leading position in the Company's share capital, at December 31, 2012 the Quiñenco group directly held an interest of around 22.5% in Nexans SA. At the same date, Quiñenco held three seats on Nexans' Board of Directors and also had a representative on the Appointments, Compensation and Corporate Committee. The Quiñenco group's interest in Nexans is held through Madeco, which was renamed Invexans SA following an operational reorganization carried out in early 2013.

At December 31, 2013, the Quiñenco group held 26.55% of Nexans SA's capital and voting rights.

At December 31, 2013 the main contractual relations between Nexans and the Quiñenco group corresponded to a number of agreements related to the contract dated February 21, 2008 for the above-mentioned acquisition of the Quiñenco group's cables business, as amended by addendum signed on September 30, 2008. A number of these agreements – primarily concerning the use of certain trademarks and licenses – were still in force at December 31, 2013.

In addition, a settlement agreement was signed on November 26, 2012 concerning the payment due under the seller's warranty granted by the Quiñenco group under the purchase agreement of February 21, 2008 (see Note 30).

The impact of the above agreements on the income statement and statement of financial position are included in the tables set out in Note 29.a and Note 29.b.

d. Directors’ and officers’ compensation

(Nexans’ directors and members of the Executive Committee (renamed the Management Council at end-2013)).

Total compensations

Total compensation paid to the Group’s directors and officers can be analyzed as follows:

(in millions of euros)	2013	2012
Compensation for corporate officer positions*	1.5	2.0
Directors’ fees*	0.6	0.6
Compensation under employment contracts and benefits in kind*	9.8	10.7
Stock options**	0.2	0.5
Performance shares**	1.0	0.4
Termination benefits*	-	1.6
Long-term incentive plan**	0.3	-
Accruals for pension and other retirement benefit obligations***	5.4	4.2
Total compensation	**18.8**	**20.0**

* 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 expense for the year.

Additional information on directors’ and officers’ compensation (Nexans’ directors and members of the Executive Committee (renamed the Management Council at end-2013)):

- Main changes of members of the Executive Committee:

  - Arnaud Poupart-Lafarge joined the Group on July 26, 2013 as Chief Operating Officer and member of the Executive Committee. He is responsible for all of the Group’s operating activities in all of its geographic areas and is the head of the high-voltage product line. In addition, the Industry, Supply Chain and Purchasing department reports to him.

  Frédéric Michelland stepped down from the Executive Committee when he left the Group on November 30, 2013.

  Jacques Villemur (Senior Corporate Vice President in charge of Human Resources) left the Executive Committee on October 31, 2012 following his retirement. Anne-Marie Cambourieu was appointed in replacement of Mr. Villemur.

- The Group’s total obligation for pensions and other retirement benefits relating to directors and officers (net of plan assets) amounted to 27 million euros at December 31, 2013, compared with 29 million euros at December 31, 2012.

- On July 24, 2013, the Board of Directors adopted a new long-term compensation plan for the Group’s key managers and senior managers. The overall plan is made up of a long-term cash incentive plan combined with a performance share plan which is subject to criteria based on the beneficiary’s continued presence within the Group as well as Nexans’ financial performance and share performance.

For the Group’s key senior managers, a 0.3 million euro provision was recognized at December 31, 2013 in relation to the long-term compensation plan, and 1 million euros were expensed during the year for performance shares.

Commitments given to Frédéric Vincent, 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 one year's worth of his total fixed and variable compensation. This indemnity is subject to two performance conditions, one of which relates to the Group's financial performance and the other to the average stock market performance of Nexans shares compared with a benchmark panel. 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 paid in 24 equal and successive monthly installments and will be equal to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus. A 2.0 million euro provision was set aside for this commitment in the 2009 consolidated financial statements, whose amount was unchanged at December 31, 2013.

In accordance with the Internal Regulations of the Board of Directors, total 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.

Note 30: Disputes and contingent liabilities

a. Antitrust investigations

On July 5, 2011, the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition relating to alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as the related accessories and services.

Consequently, Nexans France SAS recorded a 200 million euro provision in its individual financial statements for the potential fine that could be imposed on it, which was included in the Group's consolidated financial statements at June 30, 2011. The amount of the provision corresponds, at this stage of the proceedings, and by application of the principle of prudence, to the Group's estimate of the fine that may be imposed on it, taking into account the Commission's fining policy and the methodology and elements on which the Commission indicated its intention to base its fine, as well as certain challenges that the Company and its subsidiary Nexans France SAS made in their response to the Statement of Objections which was submitted to the European Commission in 2011. As it is an estimate, the final amount of any fine may be different to the provisioned amount.

In June 2012, the Company and its subsidiary Nexans France SAS as well as the other parties involved in the proceedings were heard by the European Commission. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but the Commission generally issues a decision within six to eighteen months following such hearings. Consequently, the decision in this procedure will probably be issued in 2014[1].

At December 31, 2013 no new events or circumstances had arisen that required the Group to adjust the amount of the provision.

As the outcome of the proceedings will likely be known within 12 months, the 200 million euro provision has been reclassified as a short-term provision in the 2013 consolidated financial statements.

(1) Note to the 2013 Registration Document: See the section "Significant events since the year-end and approval of the 2013 Management Report" on page 233 of this Registration Document.

Certain Group companies are also under investigation by the Competition Authorities of Australia, Korea (in addition to ongoing investigations into local activity as described below), the United States, Brazil, and Canada, in the same sector of activity. The proceedings in each of these countries are still under way.

The Group is unable to comment at this stage on the outcome of these proceedings or the ensuing consequences – notably from a financial perspective – and therefore has not made any provision in its accounts for any investigations other than for the potential fine which may be imposed on the Group by the European Commission. Investigations in Japan and New Zealand were closed in 2011 without any sanctions being imposed on the Group.

In a press release of February 12, 2009 and in its subsequent communications, the Company indicated that an unfavorable outcome for all of these proceedings as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group, even excluding the potential fine that may be imposed by the European Commission.

In addition, as mentioned above, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage cables. To date, these subsidiaries have paid fines representing approximately 4 million euros in relation to certain of these investigations. This amount corresponds to civil and criminal proceedings concerning seven cases, of which six date from 2007 and one from 2013. In the latter case, a criminal conviction was pronounced in early 2014 against the Korean subsidiary and one of its executives. The fine on the Korean subsidiary, which will appeal against this decision, amounts to approximately thirteen thousand euros. A number of the related court decisions have been appealed. A 7 million euro provision has been booked in the financial statements to cover customer claims following the decisions handed down in certain procedures.

Furthermore, Nexans' local subsidiary is cooperating with the Korean authorities in additional investigations into businesses other than the high-voltage business for which no decisions have yet been handed down. The Group cannot estimate at this stage the amount of risk relating to the still outstanding investigations and customer claims.

b. Other disputes and proceedings giving rise to the recognition of provisions

For cases where the criteria are met for recognizing provisions, the Group 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 and proceedings 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, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group:

- In 2009, during the performance of a contract for high-voltage submarine cables a ship operated by a Chinese subcontractor 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 the equipment on board – which belonged to a Group company – to be unloaded. 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, the Group company concerned is claiming from the subcontractor compensation for losses caused by the accident (notably delays in the project). This dispute has been referred for arbitration in Singapore(1).

- When the Purchase Agreement for the cables business of Invexans (formerly Madeco) was signed on February 21, 2008, Invexans gave a seller's warranty. The Company and its Brazilian subsidiary Nexans Brasil subsequently made claims under this warranty and a settlement agreement was entered into between the three parties on November 26, 2012 concerning the amounts payable by Invexans to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

  Under the terms of this agreement Invexans paid Nexans Brasil a lump sum of around Bresil Real 23.6 million (approximately 9.5 million euros). In return, Invexans will not be required to pay any compensation with respect to the civil and employment law proceedings still in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties.

  In view of this settlement agreement and the capping of Invexans' compensation liability, Nexans Brasil has recorded provisions to cover the civil and employment law proceedings still under way.

(1) The reader of the 2013 Registration Document shall note that on February 17, 2014 the arbitral tribunal issued a partial final award in favor of the Group company.

- In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary has refuted these claims. Since then, there has been no further contact with the holder of the industrial property rights concerned. Even though no lawsuits have been filed in connection with this alleged infringement of industrial property rights, this does not in any way prejudge the outcome of the claim. However, in view of the subject matter of the claim, Nexans can in turn claim compensation from a third party, which has been duly notified of the case, even if a dispute involving a higher amount than the amount of compensation payable by the third party cannot be ruled out.

The Group considers that the other existing or probable disputes for which provisions were recorded at December 31, 2013 and 2012 do not represent sufficiently material amounts when taken individually to require specific disclosures in the consolidated financial statements.

c. Contingent liabilities relating to disputes and proceedings

The main cases for which the Group has not recognized provisions are as follows:

- A European transmission link owner has made a claim against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable.

  The dispute between the transmission link owner and the Nexans subsidiary is currently subject to arbitration proceedings, in which the transmission link owner is claiming a total amount of over 100 million pounds sterling (representing over 118 million euros). The Group is standing by the position of its subsidiary, which accepts no liability whatsoever.

- In 2012, Nexans Inc. filed a procedure to invalidate a number of patents held by Belden for data network cables and Belden has lodged infringement lawsuits against Nexans Inc.

Although the outcome of these proceedings is not yet known, the Group believes that they will not have a material impact on its consolidated earnings although such a possibility cannot be entirely ruled out.

At the end of 2013, certain contracts entered into by the Group could lead to performance difficulties, although the Group does not currently consider that the potential difficulties concerned justify the recognition of provisions in the consolidated financial statements or specific disclosure as contingent liabilities.

Note 31: Off-balance sheet commitments

The Group's off-balance sheet commitments that were considered material at December 31, 2013 and 2012 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 25.a), 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 programs concerned and (ii) the consequences that could arise if any of the receivables sales under the programs were rendered invalid, in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables.

At December 31, 2013, the Group considered the probability of the bank calling on this guarantee to be very low.

At the year-end, this joint and several guarantee was valued at 20 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, 2013 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 the Group 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 22 and Note 30).

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, 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 (14 million euros held until December 31, 2012, 7 million euros until December 31, 2013 and 1 million euros in 2014).

When the Group acquired AmerCable on February 29, 2012 an escrow account was set up for similar purposes into which Nexans paid 21 million US dollars (representing 16 million euros at December 31, 2012 and 2013).

- Acquisition of the cables business of Invexans (formerly Madeco)

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 30).

A settlement agreement was entered into on November 26, 2012 between the Company, Nexans Brasil and the Madeco group concerning the amounts payable by the Madeco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement Madeco undertook to pay Nexans Brasil a lump sum of around Bresil Real 23.6 million (approximately 9.4 million euros). In return, the Madeco group will not be required to pay any compensation with respect to the civil and employment law proceedings still in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties (see Note 30).

b. Commitments related to the Group's scope of consolidation

- Commitments given

  - The Group had no outstanding pledged collateral at December 31, 2013. At December 31, 2012 total collateral pledged by the Group to secure borrowings amounted to 9 million euros and corresponded to property, plant and equipment.

  - Syndicated credit facility: when the Group's new syndicated loan was set up (see **Note 25.a**), Nexans undertook to guarantee the commitments given by Nexans Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros at December 31, 2013.

- Commitments received

At December 31, 2013 the Group had access to a 597 million euro syndicated loan expiring on December 1, 2017, none of which had been drawn down (see **Note 25.a** for further details).

As described in **Note 31.a** above, in April 2010 Nexans set up a receivables securitization program. The plan's maximum term is five years and the amount of receivables that may be sold has been capped at 250 million euros (see **Note 25.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 (excluding parent company guarantees – see below) are summarized in the following table:

At December 31, in millions of euros	2013	2012	Note
Commitments given			
Forward purchases of foreign currencies*	2,492	2,826	Note 26.b
Forward purchases of metals	334	426	Note 26.b
Firm commitments to purchase property, plant and equipment	40	65	Note 13.c
Commitments for third-party indemnities	2,065	2,109	See (1) below
Take-or-pay copper purchase contracts (in tonnes)	126,100	112,771	See (2) below
Future minimum payments under non-cancelable operating leases	97	112	Note 28
Commitments received			
Forward sales of foreign currencies*	2,509	2,794	Note 26.b
Forward sales of metals	129	85	Note 26.b
Take-or-pay copper sale contracts (in tonnes)	102,807	110,656	See (2) below
Other commitments received	68	26	

* Including derivatives used to hedge the Group's net debt.

(1) Commitments for 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 (706 million euros and 812 million euros at December 31, 2013 and 2012 respectively).

  When it is probable that the Group 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 22 and Note 30).

- At December 31, 2013 the Group had granted parent company guarantees in an amount of 1,359 million euros (1,297 million euros at December 31, 2012). These mainly correspond to performance bonds given to customers.

(2) Take-or-pay contracts (physically-settled contracts)

The volumes stated 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 25.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.

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Note 32: Main consolidated companies

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2013.

Companies by geographic area	% control	% interest	Consolidation method[1]
France			
Nexans[2]	100%	100%	Parent company
Nexans Participations	100%	100%	
Lixis	100%	100%	
Nexans France	100%	100%	
Nexans Interface	100%	100%	
Eurocable	100%	100%	
Recycables	36.5%	36.5%	Equity method
Nexans Power Accessories France	100%	100%	
Belgium			
Nexans Benelux S.A.	100%	100%	
Nexans Harnesses	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services[3]	100%	100%	
Opticable S.A. NV	60%	60%	
Cabliance Belgique	50%	50%	Equity method
Germany			
Nexans Deutschland GmbH	100%	100%	
Nexans Superconductors GmbH	100%	100%	
Metrofunkkabel Union GmbH	100%	100%	
Nexans Auto Electric GmbH[4]	100%	100%	
Confecta GmbH Deutschland[5]	100%	100%	
Nexans Power Accessories Deutschland GmbH	100%	100%	
Northern Europe			
Nexans Nederland BV	100%	100%	
Nexans Norway A/S	100%	100%	
Nexans Suisse S.A.	100%	100%	
Nexans Re[6]	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Denmark	100%	100%	
Axjo Kabel AG	100%	100%	
Southern Europe			
Nexans Iberia SL	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Partecipazioni Italia Srl	100%	100%	
Nexans Intercablo SpA	100%	100%	
Nexans Hellas S.A.[2]	71.75%	71.75%	
Nexans Turkiye Endustri Ve Ticaret AS	100%	100%	

Companies by geographic area	% control	% interest	Consolidation method[1]
Eastern Europe			
Nexans Russia	100%	100%	
North America			
Nexans Canada Inc	100%	100%	
Nexans USA Inc	100%	100%	
AmerCable Holdings, Inc	100%	100%	
Nexans Energy USA Inc	100%	100%	
Berk-Tek LLC	100%	100%	
Nexans Aerospace USA LLC	100%	100%	
Nexans High Voltage USA Inc	100%	100%	
South America			
Nexans Indelqui	100%	100%	
Optel S.A	100%	100%	
Invercable	100%	100%	
Nexans Chile S.A. Cerrada	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru	96%	96%	
Cobrecon	33.33%	32.00%	Equity method
Nexans Brasil S.A.	100%	100%	
Africa and Middle East			
Liban Câbles SAL	90%	90%	
International Cables Company Ltd	97.87%	88.08%	
Nexans Maroc[2]	83.59%	83.59%	
Sirmel Maroc	83.50%	69.80%	
Cabliance Maroc	50%	50%	Equity method
Qatar International Cable Company	30.33%	30.33%	Equity method
Asia-Pacific			
Nexans (Shanghai) Electrical Materials Co Ltd	100%	100%	
Nexans Communications (Shanghai) Cable Co. Ltd	100%	100%	
Nexans China Wire & Cables Co Ltd	100%	100%	
Nexans (Yanggu) New Rihui Cables Co., Ltd	75%	75%	
Nexans Korea Ltd	99.52%	99.51%	
Kukdong Electric Wire Co. Ltd	98.10%	97.90%	
Daeyoung Cable	100%	99.51%	
Nexans (Nanning) Communications Co. Ltd	100%	100%	
Nippon High Voltage Cable Corporation	66%	66%	
OLEX Australia Pty Ltd	100%	100%	
OLEX New Zealand Ltd	100%	100%	

(1) The companies are fully consolidated, unless otherwise specified.
(2) Listed companies.
(3) The entity responsible for the Nexans Group's cash management since October 1, 2008.
(4) 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, Tunisia and Mexico.
(5) Confecta GmbH Deutschland – a company based in Germany – itself consolidates various sub-subsidiaries in Switzerland and France.
(6) Nexans Re is the Group's captive reinsurer.

Note 33: Subsequent events

No significant events for which disclosure is required have occurred since December 31, 2013.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013, 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.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2013 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 Note 2.e "Investigations by the EU antitrust authorities" and the "Antitrust investigations" section of Note 30 "Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the company.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of assets

At each period end, the Group tests goodwill for impairment and assesses whether there is any indication of impairment of non-current assets, as described in section f.c. "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 used. We have also verified that Notes 1.f.c and 7 "Net asset impairment" to the consolidated financial statements provide appropriate disclosures.

Deferred tax assets

The Group recognizes deferred tax assets in the consolidated statement of financial position on the basis of business plans and earnings forecasts, as described in section e.e "Income taxes" of Note 1 "Summary of significant accounting policies" and in Note 9 "Income taxes" to the consolidated financial statements. We have assessed the information and assumptions used to verify that these deferred tax assets are recoverable in future periods.

Provisions for restructuring and employee benefits

The Group recognizes provisions for retirement benefits in accordance with the methods described in section f.i "Pensions, statutory retirement bonuses and other employee benefits" of Note 1 "Summary of significant accounting policies" and provisions for restructuring costs as described in section f.j "Provisions" of the same Note. Pensions and statutory retirement bonuses are valued by external actuaries. Provisions for restructuring costs correspond to Management's best estimates based on information available at the year-end.

For these estimates, our work consisted of assessing the data and assumptions on which they are based and reviewing the information provided for this purpose in Note 21 "Pensions, retirement bonuses and other long-term employee benefits" and Note 22 "Provisions" to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law 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, February 10, 2014
KPMG Audit
A department of KPMG S.A.

Valérie Besson
Partner

Neuilly-sur-Seine, February 10, 2014
PricewaterhouseCoopers Audit

Éric Bulle
Partner

Corporate financial statements

BALANCE **SHEET**

Assets

At December 31, in thousands of euros	Gross amount	Depreciation, amortization and provisions	2013	2012
Intangible assets	400	(366)	34	124
Financial assets				
Shares in subsidiaries and associates	2,580,914	(165,089)	2,415,825	2,392,092
Loans to subsidiaries	-	-	-	250
Other financial assets	1,646	-	1,646	551
FIXED ASSETS	2,582,960	(165,455)	2,417,505	2,393,017
Receivables				
Trade receivables	11,547	-	11,547	16,684
Other receivables	663,011	-	663,011	531,470
Miscellaneous				
Cash at bank and in hand	88	-	88	105
Accruals				
Prepaid expenses	87	-	87	87
CURRENT ASSETS	674,733	-	674,733	548,346
Deferred charges	7,742	-	7,742	9,532
Bond redemption premiums	2,067	-	2,067	2,609
Unrealized foreign exchange losses	-	-	-	-
TOTAL ASSETS	**3,267,501**	**(165,455)**	**3,102,046**	**2,953,504**

Equity and Liabilities

At December 31, in thousands of euros	2013	2012
Share capital	42,043	29,394
Additional paid-in capital	1,646,472	1,378,327
Legal reserve	2,872	2,872
Regulated reserves	0	0
Retained earnings	223,466	273,649
Net income (loss) for the year	(50,787)	(35,486)
Regulated provisions	7,251	6,226
TOTAL EQUITY	1,871,317	1,654,982
PROVISIONS FOR CONTINGENCIES AND CHARGES	-	-
Debt		
Convertible bonds	502,995	588,099
Other bonds	624,373	613,748
Bank borrowings	32	33
Operating liabilities		
Trade payables	13,758	14,672
Accrued taxes and payroll costs	88,992	81,393
Miscellaneous liabilities		
Due to suppliers of fixed assets	-	-
Other liabilities	367	303
Accruals		
Deferred income	211	274
TOTAL LIABILITIES	1,230,728	1,298,522
Unrealized foreign exchange gains	1	-
TOTAL EQUITY AND LIABILITIES	**3,102,046**	**2,953,504**

INCOME **STATEMENT**

(in thousands of euros)	**2013**	2012
NET SALES	17,899	25,970
Reversals of depreciation, amortization and provisions, expense transfers	251	7,046
Other revenues	0	0
TOTAL OPERATING REVENUES	18,150	33,016
Other purchases and external charges	(30,162)	(33,020)
Taxes other than on income	(1,101)	(942)
Wages and salaries	(6,029)	(10,733)
Payroll charges	(2,387)	(3,530)
Depreciation, amortization and provisions		
- Depreciation and amortization – fixed assets	(90)	(90)
- Depreciation and amortization – other assets	(2,041)	(2,577)
Other expenses	(626)	(590)
TOTAL OPERATING EXPENSES	(42,436)	(51,482)
OPERATING INCOME (LOSS)	(24,286)	(18,466)

(in thousands of euros)	2013	2012
Dividend income	100,635	92,006
Other interest income	568	2,399
Provision reversals and expense transfers	-	0
Foreign exchange gains	6	481
Net gains on disposals of marketable securities	-	4
TOTAL FINANCIAL INCOME	101,209	94,890
Amortization and provisions – financial assets	(80,631)	(73,258)
Interest paid	(46,155)	(36,555)
Foreign exchange losses	(29)	(1,228)
TOTAL FINANCIAL EXPENSES	(126,815)	(111,041)
NET FINANCIAL INCOME (EXPENSE)	(25,606)	(16,151)
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX	(49,892)	(34,617)
Non-recurring income from revenue transactions	-	-
Non-recurring income from capital transactions	-	-
Provision reversals and expense transfers	58	-
TOTAL NON-RECURRING INCOME	58	-
Non-recurring expenses on revenue transactions	(28)	(18)
Non-recurring expenses on capital transactions	(48)	-
Exceptional additions to depreciation, amortization and provisions	(1,083)	(1,487)
TOTAL NON-RECURRING EXPENSES	(1,159)	(1,504)
NET NON-RECURRING INCOME (LOSS)	(1,101)	(1,504)
Employee profit-sharing	(89)	(142)
Income taxes	295	777
NET INCOME (LOSS)	**(50,787)**	**(35,486)**

LIST OF SUBSIDIARIES AND ASSOCIATES

Company name (At December 31, 2013)	Share capital (in thousands of currency units)	Total equity (excluding share capital)[5] (in thousands of currency units)	Percentage ownership[6]	Dividends received (in thousands of euros)	Gross value of shares held (in thousands of euros)	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)
A – Subsidiaries and associates with a carrying amount in excess of 1% of Nexans' share capital								
1) SUBSIDIARIES (OVER 50%-OWNED)								
Nexans France Clichy - France (SIREN registration no. 428 593 230)	130,000	(57,390)	100.00	-	477,400	353,400	1,702,934	(82,945)
Nexans Participations Paris - France SIREN registration no. 314 613 431	385,500	1,455,146	100.00	99,973	1,848,256	1,848,256	-	74,293
Nexans Indelqui SA[1] Buenos Aires - Argentina	131,873	(61,739)	100.00	-	41,089	-	240,182	(36,407)
InverCable SA[2] Santiago - Chile	82,400	73,621	100.00	-	194,948	194,948	-	8,184
2) ASSOCIATES (10%-50% OWNED)								
Nexans Korea[3] Chungcheongbuk - Korea	17,707,074	75,581,973	35.53[4]	497	16,940	16,940	333,446,677	(1,871,280)
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				165	2,281	2,281		

(1) Amount in thousands of ARS (Argentine pesos): 1 ARS = 0.11136 euros at December 31, 2013.
(2) Amount in thousands of USD (US dollars): 1 USD = 0.72511 euros at December 31, 2013.
(3) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.689 euros at December 31, 2013.
(4) The percentage ownership of Nexans Korea was 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, 2013.
(6) Percentage rounded up to the nearest decimal.

PORTFOLIO OF **TRANSFERABLE SECURITIES**

At December 31, 2013, 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	477,400	(124,000)	353,400
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 SA (Argentina)	131,871,761	100.00	41,089	(41,089)	-
Invercable SA (Chile)	3,993,350	100.00	194,948	-	194,948
3 - Money market funds					
None					

NOTES **TO THE CORPORATE FINANCIAL STATEMENTS**

The notes below relate to the balance sheet at December 31, 2013, prior to the appropriation of the net loss, as well as to the income statement for the year then ended. The financial year ran from January 1 to December 31, 2013. The balance sheet total was 3,102,046 thousand euros and the Company ended the year with a net loss of 50,787 thousand 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 occurred in 2013:

1. On October 15, 2013 the Company launched a share issue with pre-emptive subscription rights for existing shareholders. The issue was fully subscribed and the 12,612,942 new shares involved gave rise to gross proceeds of 283,791 thousand euros. The related transaction costs totaled 4,452 thousand euros and were charged against the issue premium.

2. 36,161 new shares were issued following the exercise of stock options.

3. The Company took up all of the shares issued in connection with a capital increase carried out by Nexans France on December 19, 2013, representing an aggregate amount of 100,000 thousand euros.

4. The Company purchased 3,821 thousand euros worth of shares issued in connection with a capital increase carried out by Nexans Indelqui SA.

5. The Company received a total of 100,635 thousand euros in dividends, of which 99,973 thousand euros were paid by Nexans Participations.

6. On March 25, 2013, the Group announced that it had created the Nexans Foundation in order to provide a common framework for all of the Group's sponsorship initiatives. The official authorization to operate the Nexans Foundation was given for a five-year period by way of a Prefectoral Decree dated December 31, 2012, which was published in the French legal gazette (*journal officiel*) on February 16, 2013 (see Note 23).

7. An 80,089 thousand euro provision for impairment was recognized against shares in subsidiaries and associates (see Note 3).

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, 2013 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.
- "Software", measured at historical cost and amortized on a straight-line basis over three years.

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 their 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).

Other 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 and an impairment loss is recorded if their carrying amount exceeds this average share price.
- Guarantee deposits granted by Nexans.

Trade receivables

Trade receivables are stated at nominal value. An impairment loss is recorded when it is doubtful that the receivable will be collected.

Other receivables

"Other receivables" includes surplus cash amounts invested with Nexans Services on a short-term basis.

Receivables, payables and cash and cash equivalents 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 – including cash pooling current accounts – 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

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, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and 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: Long-term financial assets

(in thousands of euros)	Shares in subsidiaries and associates	Loans to subsidiaries	Other financial assets	Total
GROSS VALUE				
At December 31, 2012	2,477,092	250	551	2,477,893
Acquisitions – increases	103,821	-	1,646	105,467
Disposals – decreases	-	(250)	(551)	(801)
At December 31, 2013	**2,580,913**	-	**1,646**	**2,582,559**
PROVISIONS				
At December 31, 2012	(85,000)	-	-	(85,000)
Additions	(80,089)	-	-	(80,089)
Reversals	-	-	-	-
At December 31, 2013	**(165,089)**	-	-	**(165,089)**
NET LONG-TERM FINANCIAL ASSETS				
At December 31, 2012	2,392,092	250	551	2,392,893
At December 31, 2013	**2,415,825**	-	**1,646**	**2,417,471**

Details of the shares held by Nexans SA recognized under "Shares in subsidiaries and associates" are provided in the section entitled "Portfolio of transferable securities" above.

- On March 20, 2013 the Company took up shares issued in connection with a capital increase carried out by Nexans Indelqui SA (Argentina) for an aggregate amount of 3,821 thousand euros.
- On December 19, 2013 the Company took up shares issued in connection with a capital increase carried out by Nexans France for an aggregate amount of 100,000 thousand euros.

These transactions resulted in an increase in the value of the Company's investment in each of these companies.

During the year, the Company recorded an 80,089 thousand euro provision for impairment against shares in subsidiaries and associates.

Note 4: Operating receivables

Net values At December 31, in thousands of euros	2013	2012
Trade receivables	**11,547**	**16,684**
Other receivables:		
- Prepaid payroll taxes	0	8
- Prepaid and recoverable income taxes	24,506	16,323
- Prepaid and recoverable VAT	4,273	3,110
- Group and associates: tax consolidation	232	1,154
- Group and associates: cash pooling current accounts	633,902	510,772
- Other debtors	97	103
Sub-total – Other receivables	**663,011**	**531,470**
TOTAL	**674,558**	**548,154**

Note 5: Receivables by maturity

At December 31, 2013, in thousands of euros	Gross amount	Due within one year	Due beyond one year
FIXED ASSETS			
Other long-term financial assets	1,646	1,646	-
TOTAL	**1,646**	**1,646**	**-**
CURRENT ASSETS			
Trade receivables	11,547	11,547	-
Other receivables	663,011	663,011	-
TOTAL	**674,558**	**674,558**	**-**

Note 6: 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 7: Breakdown of share capital

At December 31, 2013, the Company's share capital comprised 42,043,145 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.

The Company's shares no longer carry double voting rights, following the resolution passed at the Shareholders' Meeting held on November 10, 2011.

There are no founder's shares or other rights of participation in profits.

Note 8: Equity

8.1 Movements during the year

(in thousands of euros)	Share capital	Additional paid-in capital	Legal reserve	Retained earnings	Net income (loss) for the year	Regulated provisions	Total
At Dec. 31, 2012 before appropriation of net loss	29,394	1,378,327	2,872	273,649	(35,486)	6,226	1,654,982
Appropriation of 2012 net loss	-	-	-	(35,486)	35,486	-	-
Dividends paid	-	-	-	(14,697)	-	-	(14,697)
Other movements[1]	12,649	268,145	-	-	-	1,025	281,819
2013 net loss	-	-	-	-	(50,787)	-	(50,787)
At Dec. 31, 2013 before appropriation of net loss	42,043	1,646,472	2,872	223,466	(50,787)	7,251	1,871,317

(1) Other movements can be analyzed as follows:
- The issue of 12,612,942 new shares as part of a capital increase representing an aggregate 283,791 thousand euros. The related transaction costs totaled 4,452 thousand euros and were charged against the issue premium.
- The issue of 36,161 new shares with an aggregate premium of 1,419 thousand euros following the exercise of stock options.
- Additions to regulated provisions recorded in 2013 correspond to the excess tax amortization of share acquisition costs that are included in the cost of the related investments.

8.2 Dividend payment

At the next Annual Shareholders' Meeting, the Board of Directors will recommend that no dividend payment be made for 2013. If the shareholders at that meeting resolve to pay a dividend, its total amount would depend on the number of shares in issue.

In the event that the Company holds treasury stock at the time such a 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, 2013 and the date of the Annual Shareholders' Meeting called to approve the dividend payment, following the exercise of stock options[1]. 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 14, 2013 to approve the financial statements for the year ended December 31, 2012, the Company's shareholders authorized payment of a dividend of 0.5 euros per share – representing a total of 14,697 thousand euros – which was paid out on May 22, 2013. This dividend payment was subject to the additional income tax contribution payable on dividends as provided for in Article 235 ter ZCA of the French Tax Code (see Note 24).

(1) The total payout would also be subject to any stock options that may be exercised between May 15, 2014 (the scheduled date for the 2014 Annual Shareholders' Meeting) and the dividend payment date, as the shares received on the exercise of these options will also qualify for any dividend voted at the 2014 Annual Shareholders' Meeting.

Note 9: Stock options, free shares and performance shares

9.1 Stock options

At December 31, 2013 there were 1,408,832 outstanding stock options held by employees, representing 3.4% of the Company's share capital, versus 1,389,395 outstanding stock options at December 31, 2012, representing 4.7% of the capital.

Grant date	Number of options outstanding at the year-end	Exercise price[3]	Exercise period
November 23, 2006	383,488	€65.28	November 23, 2007[1] - November 22, 2014
February 15, 2007	17,484	€86.60	February 15, 2009[2] - February 14, 2015
February 22, 2008	331,161	€61.11	February 22, 2009[1]) - February 21, 2016
November 25, 2008	314,285	€37.29	November 25, 2009[1] - November 24, 2016
March 9, 2010	362,414	€46.30	March 9, 2011[1] - March 8, 2018
TOTAL	**1,408,832**		

(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.
(3) Exercise price after adjustments for the November 12, 2013 capital increase (see section 7.5 of the Management Report).

Changes in the number of options outstanding	Number of options
Options outstanding at the beginning of the year	**1,389,395**
Options granted during the year	(45,526)
Options canceled during the year	(3,161)
Options exercised during the year	(122,697)
Options expired during the year	190,821
Options outstanding at the year-end	**1,408,832**
of which exercisable at the year-end	1,317,968

9.2 Free shares and performance shares

At December 31, 2013 there were 587,460 free shares and performance shares outstanding – each entitling their owner to one share, representing a total of 1.4% of the Company's share capital. At December 31, 2012 there were 232,400 free shares and performance shares outstanding, representing 0.8% of the Company's share capital.

Grant date	Number of shares originally granted	Number of shares granted as adjusted for the capital increase[1]	Number of shares outstanding at the year-end	End of vesting period
November 21, 2011	113,180	131,237	128,370	November 21, 2015 for non-French tax residents, and November 21, 2014 followed by a 2-year lock-up period for French tax residents
November 20, 2012	121,370	141,478	140,083	November 19, 2016 for non-French tax residents, and November 20, 2015 followed by a 2-year lock-up period for French tax residents
July 24, 2013	275,000	319,007	319,007	July 24, 2017 for non-French tax residents, and July 24, 2016 followed by a 2-year lock-up period for French tax residents

Movements in outstanding free shares and performance shares	
Shares outstanding at the beginning of the year	**232,400**
Shares granted during the year[1]	319,007
Shares canceled during the year	(2,562)
Shares vested during the year	38,615
Number of shares in vesting period at the year-end	**587,460**

(1) Based on achievement of the target performance level.

The vesting conditions applicable to the performance shares are based both on Nexans' financial performance and its share performance. Further details of the plans and vesting conditions are provided in section 7.5 of the Management Report.

Note 10: Provisions

Regulated provisions recognized in the balance sheet at December 31, 2013 break down as (i) 7,217 thousand euros in excess tax amortization of share acquisition costs that are included in the cost of the related investments (6,134 thousand euros at December 31, 2012), and (ii) 34 thousand euros in tax amortization of software (92 thousand euros at December 31, 2012).

Note 11: Borrowing

(in thousands of euros)	Bonds	Overdrafts and short-term bank loans	Total
At December 31, 2012	1,201,847	33	1,201,880
New borrowings	46,145	0	46,145
Repayments, reductions	(120,624)	(1)	(120,625)
At December 31, 2013	**1,127,368**	**32**	**1,127,400**

Apart from the effect of interest payments in 2013, the overall year-on-year change in the Company's bond debt primarily reflected the redemption at maturity (on January 2, 2013) of the remaining OCEANE 2006-2013 bonds outstanding at that date, representing an aggregate amount of 85,114 thousand euros.

The Company's liquidity requirements in 2013 were partly met through proceeds from (i) the OCEANE bond issues carried out in 2009 and 2012 representing nominal amounts of 212.6 million euros and 275 million euros respectively, and (ii) the ordinary bond issues carried out in 2007 and 2012 representing nominal amounts of 350 million euros and 250 million euros respectively. For the convertible bonds maturing on January 1, 2016 and January 1, 2019 (the OCEANE 2016 bonds and the OCEANE 2019 bonds respectively) the bondholders have an early redemption option on January 1, 2015 (or the first business day thereafter) and June 1, 2018 (or the first business day thereafter), respectively.

Cash surpluses are invested with Nexans Services which is responsible for the Group's financing and cash management operations.

At December 31, 2013, Nexans SA and its subsidiaries had access to 597 million euros under a confirmed medium-term revolving facility granted by a pool of twelve banks and expiring on December 1, 2016. None of this facility had been drawn down at the year-end.
The syndicated loan agreement contains standard covenants (negative pledge, cross default, pari passu and change of control clauses) as well as covenants based on the following two consolidated financial ratios:

- The Group's debt to equity ratio must be below 1.10.
- Consolidated debt must not exceed 3x EBITDA. In November 2012, Nexans' lending banks agreed to increase this EBITDA multiple to 3.5x, effective from January 1, 2013 to December 31, 2014.
  For the purpose of this calculation, EBITDA is defined as consolidated operating margin before tax, depreciation and amortization.

If any of the facility's 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 12: Operating liabilities and other liabilities

At December 31, in thousands of euros	2013	2012
Trade payables	**13,758**	**14,672**
Accrued taxes and payroll costs:		
- Employee-related payables and accrued payroll costs	2,740	5,504
- Accrued taxes	2,778	2,661
- Tax consolidation suspense account	63,222	59,451
- Group companies: tax consolidation	20,252	13,777
Sub-total – Accrued taxes and payroll costs	**88,992**	**81,393**
Other liabilities		
- Accrued expenses	367	303
Sub-total – Other liabilities	**367**	**303**
TOTAL	**103,117**	**96,368**

Note 13: Liabilities by maturity

	Amount at Dec. 31, 2013	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	502,995	15,395	212,600	275,000
Other bonds	624,373	24,373	600,000	-
Bank borrowings	33	33	-	-
Trade payables	13,758	13,758	-	-
Accrued taxes and payroll costs	88,992	88,992	-	-
Other liabilities	367	367	-	-
Deferred income	211	63	148	-
TOTAL	**1,230,729**	**142,981**	**812,748**	**275,000**

Note 14: Deferred charges – Bond redemption premiums

14.1 Deferred charges

	Amount (in thousands of euros)					
	Dec. 31, 2012	Recognized during the year	Amortized during the year	Charged against the issue premium	Dec. 31, 2013	Method of deferral
- Issue costs for convertible bonds	5,412	-	1,130	-	4,282	Straight-line basis over the term of the related borrowings
- Issue costs for other bonds	2,639	39	488	-	2,190	
- Issue costs for other borrowings	1,480	212	423	-	1,270	
TOTAL	**9,532**	**251**	**2,041**	**-**	**7,742**	

Issue costs recognized in 2013 relate to:

- Adjustments to the issue costs for the 2012-2018 bonds (39 thousand euros). These costs are being deferred on a straight-line basis over a period of seven years.
- The renegotiation of the syndicated loan agreement (212 thousand euros).

14.2 Bond redemption premiums

			At December 31, 2012		At December 31, 2013		
(in thousands of euros)	Year of recognition	Gross premium	Accumulated amortization	Net premium	Amortization for the year	Accumulated amortization	Net premium
Redemption premium on 2007-2017 5.75% ordinary bonds	2007	2,569	1,456	1,113	257	1,713	856
Redemption premium on 2012-2018 4.25% ordinary bonds	2012	1,505	9	1,496	285	294	1,211
TOTAL				**2,609**	**542**		**2,066**

Bond redemption premiums are amortized on a straight-line basis over the life of the bonds. The amortization expense for 2013 amounted to 542 thousand euros.

Note 15: Accrued expenses & income

At December 31, in thousands of euros	2013	2012
Accrued expenses relating to:		
- Interest on bonds	39,768	29,133
- Accrued payables	10,829	12,855
- Employee-related liabilities	1,558	3,150
- Payroll taxes	471	1,167
- Other taxes	2,301	2,009
- Other liabilities	346	185
Accrued income relating to:		
- Trade receivables	8,667	11,680
- Prepaid and recoverable taxes	1,768	2,106
- Group and associates: Interest on other current accounts	355	92

Note 16: Net sales

The Company's 2013 net sales came to 17,899 thousand euros, and primarily related to the invoicing of services provided to its subsidiaries.

Note 17: Income (loss) from ordinary activities before tax

17.1 Operating income (loss)

After taking into account rebillings to subsidiaries, the Company reported an operating loss of 24,286 thousand euros for 2013, primarily corresponding to headquarters expenses, commissions and brokerage fees, depreciation, amortization and provisions, and various consulting fees.

17.2 Financial income and expenses

In 2013, Nexans received dividend payments totaling 100,635 thousand euros, and 501 thousand euros in net investment income from Nexans Services.

Interest expense on the Company's bonds came to 46,145 thousand euros, breaking down as follows:

- OCEANE 2016 convertible/exchangeable bonds: 8,520 thousand euros,
- OCEANE 2019 convertible/exchangeable bonds: 6,875 thousand euros,
- Ordinary bonds redeemable in 2017: 20,125 thousand euros,
- Ordinary bonds redeemable in 2018: 10,625 thousand euros.

During the year the Company recorded an 80,089 thousand provision for impairment of shares in subsidiaries and associates (see Note 3).

Amortization of bond redemption premiums in 2013 amounted to 257 thousand euros and 285 thousand euros respectively for the ordinary bonds redeemable in 2017 and 2018 (see Note 14-2).

Note 18: Non-recurring items

In 2013, non-recurring items primarily corresponded to 1,025 thousand euros in excess tax depreciation (see Note 10).

Note 19: Income taxes

(in thousands of euros)	Income (loss) from ordinary activities	Non-recurring items and employee profit-sharing	Other tax effects	Total
Pre-tax income (loss)	**(49,892)**	**(1,189)**		**(51,081)**
Income taxes:				
- At standard rate	-	-	794	794
- Benefit/(charge) from tax consolidation	(58)	-	-	(58)
- 3% dividend tax	-	-	(441)	(441)
Income taxes	**(58)**	-	**353**	**295**
Net income (loss)	**(49,950)**	**(1,189)**	**353**	**(50,787)**

19.1 Tax consolidation

Nexans SA 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 SA 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 next expiration date is December 31, 2016. 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, 2013 represents an unrecognized tax asset of 121,387 thousand euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2013.

19.2 Deferred taxes

No deferred taxes are recognized in the corporate financial statements. Deferred tax assets arise from (i) expenses that will be deductible for tax purposes in future periods, or (ii) the carryforward of unused tax losses which will reduce the Company's tax base in future periods.

Deferred tax liabilities arise from expenses deducted in advance for tax purposes, or from income that will be taxable in future periods and will therefore increase the Company's future tax base.

For the Nexans S.A. taxable entity alone, temporary differences generating deferred tax assets correspond primarily to tax loss carryforwards, which amounted to 275,091 thousand euros at December 31, 2013 (199,944 thousand euros at December 31, 2012).
As there were no temporary differences that generated deferred tax liabilities at December 31, 2013, the future tax receivable relating to Nexans' corporate financial statements (calculated using a tax rate of 34.43%) amounted to 94,713 thousand euros at that date (68,840 thousand euros at December 31, 2012).

Note 20: 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:

Items impacted by related party transactions (in thousands of euros)	2013	2012
BALANCE SHEET ITEMS		
Assets		
Shares in subsidiaries and associates, net	2,415,825	2,392,092
Loans to subsidiaries	-	250
Trade receivables, net	11,547	16,684
Other receivables, net	633,902	510,778
Current accounts with subsidiaries in the consolidated tax group	232	1,154
Liabilities		
Trade payables	12,506	13,633
Current accounts with subsidiaries in the consolidated tax group	20,252	13,777
INCOME STATEMENT ITEMS		
Financial expenses	0	-
Dividend income	101,635	92,006
Financial income	501	2,310

In 2013 no new agreements representing material amounts were entered into on non-arm's length terms with related parties within the meaning of Article 123-198 of the French Commercial Code.

Note 21: Number of employees (annual average)

In both 2013 and 2012, the Company employed an annual average of 8 people (all managerial staff).

Note 22: Management compensation

The total amount of gross compensation, benefits and directors' fees paid to the Chairman and CEO in 2013 was 1,270 thousand euros before tax.

The various components of this compensation can be analyzed as follows:

	2013	2012
Basic salary	800 (1)	800
Variable compensation	-	430 (1)
Exceptional compensation	-	455
Directors' fees	34 (1)	34
Other benefits	6 (1)	6
TOTAL	**840**	**1,725**

(1) The sum of these amounts corresponds to the total gross pre-tax compensation figure stated above.

Nexans' directors other than the Chairman and CEO received 591 thousand euros in directors' fees for 2013.

Note 23: Off-balance sheet commitments

23.1 Reciprocal commitments

The Company did not have any reciprocal commitments at December 31, 2013 or 2012.

23.2 Commitments given

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 478 million euros at December 31, 2013 (excluding the commitments described below related to receivables sales and the syndicated loan).
- When the Group's syndicated loan was set up, Nexans undertook to guarantee the commitments given by Nexans Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros at December 31, 2013.
- As part of the process to set up a securitization plan 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 programs concerned and (ii) the consequences that could arise if any of the receivables sales under the programs were rendered invalid, notably in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables. At the year-end, this joint and several guarantee was valued at 20 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, 2013 and an actual term that varies depending on the seller and type of obligation concerned.
- The Company's commitment to funding the Nexans Foundation's multi-year action program represents an aggregate amount of 500 thousand euros, which is covered by a bank guarantee. At December 31, 2013 the amounts still payable to the Nexans Foundation totaled 400 thousand euros.

23.3 Commitments received

At December 31, 2013 commitments received correspond to the Company's 597 million euros unused credit facility expiring on December 1, 2016.

Note 24: Fees paid to the Statutory Auditors

Fees paid by the Company to the Statutory Auditors in 2013 for their audit work break down as follows:

(in thousands of euros)	Audit of the corporate financial statements	Audit of the consolidated financial statements	Total
KPMG 1, cours Valmy 92923 Paris-La Défense	19	190	209
PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine	17	300	317
TOTAL	**36**	**490**	**526**

Note 25: Subsequent events

None.

Note 26: Other information

On July 5, 2011, the Company and its subsidiary Nexans France SAS received a Statement of Objections from the European Commission's Directorate General for Competition relating to alleged anticompetitive behavior by Nexans France SAS in the sector of submarine and underground power cables as well as related accessories and services.

Consequently, a 200 million euro provision was recorded in the individual financial statements of Nexans France SAS at December 31, 2011. As this provision is an estimate, the definitive financial consequences for the Group may differ.

In June 2012, the Company and its subsidiary Nexans France SAS, as well as the other parties involved in the proceedings, were heard by the European Commission. These hearings are a procedural stage and do not prejudge the final decision that will be taken by the Commission. There is no official timetable for the overall procedure but the Commission generally issues a decision within six to eighteen months following such hearings. Consequently, the decision in relation to this procedure will probably be issued in 2014[1].

There were no new events or circumstances in 2013 that required the provision to be adjusted at the year-end.

(1) Note to the 2013 Registration Document: See the section "Significant events since the year-end and approval of the 2013 Management Report" on page 233 of this Registration Document.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013, on:
- the audit of the accompanying financial statements of Nexans;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

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, 2013 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 Note 26 "Other information" to the financial statements, which describes the investigations initiated against the Company and its subsidiary, Nexans France SAS, in relation to anticompetitive 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:

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 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 these 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 the 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

Neuilly-sur-Seine and Paris-La Défense, March 24, 2014

PricewaterhouseCoopers Audit

Éric Bulle
Partner

KPMG Audit
A department of KPMG S.A.

Valérie Besson
Partner

Additional information

INFORMATION ABOUT **NEXANS SA AND THE GROUP**

Simplified organizational structure[1]

NEXANS SA

Nexans Participations SA (France)

Region	Country	Companies
– Europe	France	Nexans Interface, Nexans Power Accessories France, Eurocable, Lixis, Linearis, Netlink, Confecta, Recycables, Nexans Wires, Tréfileries Laminoirs Méditerranée (TLM), Société de Coulée Continue du Cuivre (SCCC)
	Germany	Nexans Deutschland, Nexans Logistik, Nexans Superconductors, Lacroix & Kress, Nexans Power Accessories Germany, Nexans Autoelectric, mobil electric, Leitungstechnic Ostbayern (LTO), Elektrokontakt, Elektrometall, Metrofunkkabel-Union, Confecta GmbH Deutschland, Lackdraht Union Unterstutzüng
	Belgium	Nexans Benelux, Nexans Harnesses, Nexans Network Solutions, Opticable, Nexans Services[2], Cabliance Belgique, Cabliance Belgique
	Denmark	Nexans Denmark
	Spain	Nexans Iberia
	Greece	Nexans Hellas
	Italy	Nexans Italia, Nexans Partecipazioni Italia, Nexans Intercablo, Nexans Wires Italia
	Luxembourg	Nexans Re[3]
	Norway	Nexans Norway
	Netherlands	Nexans Nederland BV
	Romania	Nexans Romania
	United Kingdom	Nexans UK, Nexans Logistics, Nexans Power Accessories UK
	Sweden	Nexans Sweden, Axjo Kabel
	Switzerland	Nexans Suisse, Confecta
– Middle-East, Russia, Africa	Angola	Nexans Angola
	Egypt	International Cables Company
	Ghana	Nexans Kabelmetal Ghana
	Kazakhstan	Nexans Kazakhstan
	Kenya	Nexans Power Network Kenya Limited
	Morocco	Nexans Maroc, Sirmel, Tourets et Emballages du Maroc, Cabliance Maroc
	Nigeria	Nexans Kabelmetal Nigeria, Northern Cable Processing and Manufacturing Company, Nexans Power Network Nigeria
	Qatar	Qatar International Cable Company
	Russia	Nexans Rus, Impex Electro
	Turkey	Nexans Turkiye Endustri Ve Ticaret
– North America	Canada	Nexans Canada
	United States	Nexans USA, Nexans Energy USA, Nexans Magnet Wire USA, Berk-Tek., Autoelectric of America, Nexans High Voltage USA, Nexans Aerospace USA, AmerCable Holdings
– South America	Brazil	Nexans Brazil
	Chile	Nexans Chile, Nexans Uno, Cotelsa, Colada Continua
	Colombia	Nexans Colombia
	Mexico	Elektrokontakt SRL de CV
– Asia-Pacific	Australia	Nexans Australia Holding, Olex Australia Pty
	China	Nexans China Wires & Cables Co., Nexans (Nanning) Communications Co., Nexans (Shanghai) Electrical Materials Co., Nexans Hong Kong, Nexans Communications (Shanghai) Cable Co., Nexans Autoelectric Tianjin, Nexans (Yanggu) New Rihui Cables Co.
	South Korea	Nexans Korea, Kukdong Electric Wire Co., Daeyoung Cable
	Indonesia	Nexans PT Indonesia
	Japan	Nippon High Voltage Cable Corporation
	New Zealand	Olex New Zealand
	Singapore	Nexans Singapore Pte

Entity	Companies
Invercable SA (Chile)	Indeco Peru, Cobrecon
Nexans Indelqui (Argentina)	Optel
Nexans France SAS (France)	Liban Cables, Liban Cables Contracting, Liban Cables Packing

(1) Simplified operational structure at December 31, 2013. Nexans' main direct and indirect subsidiaries are listed in Note 32 to the 2013 consolidated financial statements on pages 194 to 195 of this Registration Document.
(2) The company responsible for the Group's cash management.
(3) The Group's captive reinsurance company.

Major shareholders

Estimated ownership structure at December 31, 2013

At December 31, 2013, the Company's share capital amounted to 42,043,145 euros, divided into 42,043,145 fully paid up shares.

Breakdown of share capital and voting rights at December 31, 2013:

	Number of shares and voting rights held	% ownership and voting rights[1]
Invexans, Quiñenco group[2]	11,160,816	26.55%
Manning & Napier (USA)[3]	3,350,863	7.97%
Bpifrance Participations	3,291,146	7.83%
Amber Capital (UK)[4]	1,556,264	5.29%
Other institutional shareholders	17,153,600	40.80%
Employees	1,273,399	3.03%
Other private individuals	2,933,034	6.97%
Unidentified shareholders	653,945	1.56%
TOTAL	**42,043,145**	**100%**

Sources: Euroclear France, shareholders in registered form, shareholder identification survey and threshold disclosures filed with the French financial markets authority (*Autorité des marchés financiers – AMF*).

(1) For resolutions in Extraordinary Shareholders' Meetings that relate to major structural transactions (such as mergers and significant capital increases) no single shareholder may exercise voting rights representing more than 20% of the total voting rights of shareholders present or represented at the meeting concerned (see Article 21 of the Company's bylaws).

(2) The Company and the Quiñenco group are parties to a shareholders' agreement, which was entered into on March 27, 2011 and amended on November 26, 2012. On the date of this Registration Document, the Quiñenco Group (through its subsidiary Invexans) holds 28% of the share capital and voting rights representing the maximum of its ownership pursuant to the shareholder's agreement with the Company.

(3) By way of a letter received on November 25, 2013, Manning & Napier Advisors, LLC informed the Company that, acting on behalf of clients and managed funds, on November 25, 2013 it had reduced its interest to below the threshold of 8% of the Company's capital and voting rights, and that on that date it held 3,350,863 Nexans shares, representing 7.97% of the capital and voting rights.

(4) By way of a letter received on October 22, 2013, Amber Capital UK, LLP informed the Company that on October 16, 2013 it had increased its interest to above the threshold of 5% of the Company's capital and voting rights, and that on that date it held 1,556,264 Nexans shares, representing 5.29% of the capital and voting rights (based on the number of shares outstanding at September 30, 2013).

As the Company's ownership structure changes frequently, the 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, between the date of the 2013 Management Report (February 10, 2014) and the date this Registration Document was published, no legal disclosure thresholds other than those mentioned above had been crossed.

At December 31, 2013, the members of Nexans' Board of Directors owned approximately 0.1% of the Company›s capital, both directly and through the FCPE corporate mutual fund.

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 of Directors 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.

Estimated ownership structure by geographic area

At December 31, 2013, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	16.4%
Institutional investors – United States	24.1%
Institutional investors – UK and Ireland	17.2%
Institutional investors – Other European countries	4.0%
Institutional investors – Other countries (incl. South America)	26.7%
Other private shareholders	7.0%
Employees	3.0%
Unidentified shareholders	1.6%

Sources: Euroclear France, shareholders in registered form, shareholder identification survey and threshold disclosures filed with the AMF.

Changes in Nexans' ownership structure over the last three years

	Estimated situation at December 31, 2011			Estimated situation at December 31, 2012			**Estimated situation at December 31, 2013**		
Shareholders	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Institutional investors	24,519,310	85.4	85.4	24,984,038	85	85	37,182,767	88.4	88.4
Employees	840,786	2.9	2.9	1,277,317	4.3	4.3	1,273,399	3.0	3.0
Members of the Board of Directors	23,621	0.1	0.1	31,358	0.1	0.1	31,292	0.1	0.1
Other private shareholders	2,756,389	9.6	9.6	2,849,041	9.7	9.7	2,901,742	6.9	6.9
Treasury stock	-	-	-	-	-	-	-	-	-
Unidentified shareholders	582,974	2	2	283,646	0.9	0.9	653,945	1.6	1.6

See also section 8 of the 2013 Management Report ("Information concerning the Company and its capital"), particularly relating to the share capital at December 31, 2013, securities carrying rights to shares in the Company, changes in Nexans' share capital over the last five years, legal disclosure thresholds crossed in 2013 and employee share ownership (pages 49 to 53 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 joint stock corporation (*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)

Shares must be held in registered form until they are fully paid up.

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 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 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 and the Company's bylaws. 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.

Postal votes and proxy documents may be signed electronically by shareholders or their legal or judiciary representative provided that the identification requirements set out in Article 1316-4, paragraph 2 of the French Civil Code are respected. 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 they hold or represent. Voting rights are exercisable by the beneficial owner at all Ordinary, Extraordinary and Special Shareholders' Meetings.

Restrictions on voting rights (Article 21 of the bylaws)

Regardless of the number of shares held directly and/or indirectly, when voting on the following types of resolution at Extraordinary Shareholders' Meetings, either in person or by proxy, a shareholder may not exercise a number of voting rights representing more than 20% of the voting rights of all shareholders present or represented at the meeting concerned:

(i) Any resolutions relating to any form of reorganization transaction in which the Company is involved and which has an impact on the share capital and/or equity of any participating or resulting entity. Such reorganization transactions notably include partial asset transfers – including those governed by the legal regime applicable to demergers – as well as share-for-share exchanges, mergers, demergers, partial demergers, reverse mergers or any other similar transactions.

(ii) Any resolutions relating to a public tender offer, public exchange offer, alternative public offer or combined public offer, initiated by or with respect to the Company, including resolutions on how to defend against a takeover bid.

(iii) Any resolutions – other than those related to the transactions referred to in points (i) and (ii) above – that concern capital increases carried out through the issuance of either (a) ordinary shares representing over 10% of the Company's total outstanding ordinary shares at the date of the Extraordinary Shareholders' Meeting concerned and/or (b) securities carrying rights to shares in the Company within the meaning of Articles L.228-91 et seq. of the French Commercial Code, when exercise of such rights could result in a capital increase representing over 10% of the Company's total outstanding ordinary shares at the date of the relevant Extraordinary Shareholders' Meeting.

(iv) Any resolutions relating to a distribution in kind carried out equally for all shareholders.

(v) Any resolutions concerning voting rights, except for resolutions relating to (a) creating double voting rights, (b) lowering the limit on voting rights to below 20%, or (c) extending the list of resolutions subject to the 20% voting rights limit.

(vi) Any resolutions concerning delegating powers to the Board of Directors in connection with any of the transactions referred to in points (i) to (v) above.

For the purpose of applying this voting right limit, 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 above-described limit shall automatically become null and void if an individual or legal entity holds at least 66.66% of the total number of shares in the Company, following a public tender or exchange offer for all of Nexans' shares.

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

A summary is provided below of the contracts entered into – other than in the ordinary course of business – by the Company and/or any other member of the Group in the two years immediately preceding the publication of this Registration Document which contain provisions under which any member of the Group has an obligation or entitlement that is material to the Group as a whole. No other such contracts were entered into during that period.

The Group's current bond debt and its multicurrency revolving facility agreement originally entered into on December 1, 2011 are described in Note 25 ("Financial risks") to the 2013 consolidated financial statements on page 162 of this Registration Document. The receivables securitization programs set up in April 2010 are described in Note 25.a ("Liquidity risks") to the 2013 consolidated financial statements on page 163 of this Registration document.

Agreements with Nexans' principal shareholder, Madeco (renamed Invexans in 2013), a company of the Quiñenco group

On February 21, 2008, Nexans signed an agreement with Madeco (renamed Invexans in 2013) 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 and resulted in the issuance of 2.5 million Nexans shares to Madeco. Under the acquisition agreement, Nexans undertook to recommend at the Annual Shareholders' Meeting that a representative 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, i.e., 1.25 million Nexans shares. Guillermo Luksic Craig, Chairman of Madeco's Board of Directors, was initially elected as a director of Nexans in 2008 and was re-elected for a four-year term at the May 15, 2012 Annual Shareholders' Meeting. Guillermo Luksic Craig passed away in early 2013 and at the May 14, 2013 Annual Shareholders' Meeting, Andrónico Luksic Craig was elected to replace him.

On March 27, 2011, Nexans entered into a further agreement with Madeco aimed at giving Madeco a leading position in Nexans' share capital and strengthening its representation as the Group's principal shareholder. Nexans undertook that throughout the term of the agreement it would recommend to shareholders the election of directors nominated by Madeco in order to ensure that Madeco has three seats on Nexans' Board of Directors.

This agreement was amended on November 26, 2012 in order to allow Madeco to increase its maximum stake in the Company to 28% of the share capital and voting rights. The amendment also extended the duration of the agreement, which will now terminate on November 26, 2022, i.e., 10 years after the signature date of the amendment. Under the amended agreement, during a three-year period ending on November 26, 2015, Madeco must not hold less than 20% of the Company's share capital (lock-up) and may not hold more than 28% (standstill). If Madeco's interest crosses the threshold of 25% of the Company's share capital during this three-year period, the lock-up undertaking will automatically be increased to 25%, which is the case at the date of the 2013 Registration Document.

The other main provisions of the initial agreement remain unchanged. In particular, the potential increase in Madeco's stake in Nexans would have no impact on the Company's governance. In addition, in accordance with the bylaws, when voting in General Shareholders' Meetings on major transactions such as mergers and significant capital increases, Madeco's voting rights (and those of all other shareholders) will be capped at 20% of the Company's total voting rights. Lastly, the parties may terminate the agreement in certain circumstances, notably in the event of a public tender offer for the Company's shares.

At the date of this 2013 Registration Document, Invexans owns 28% of the Company's share capital, the maximum of its shareholding pursuant to the agreement dated March 27, 2011, as amended.

Other material contracts

Joint venture with Viscas in Japan – 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.

Joint venture with Sumitomo in Belgium – 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 closed on January 30, 2009 when 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.

Joint venture with Alstom in Morocco – In December 2011, a Belgian subsidiary of the Nexans Group signed an agreement with the Alstom group in order to form a joint venture in Morocco for manufacturing cable harnesses for the railway market. The joint venture is owned on a 50-50 basis by Alstom Transport and Nexans Harnesses, a Nexans subsidiary that is based in Belgium and specializes in the manufacture and production of cable harnesses. Under the joint venture agreement, each party may be required to sell its shares to the other party in certain circumstances.

Joint venture with Shandong Yanggu in China – In August 2012, Nexans acquired a 75% stake in Shandong Yanggu New Rihui (since renamed Nexans (Yanggu) New Rihui Cables), with the seller retaining the remaining 25% of the company's capital. The joint venture formed following this acquisition manufactures and sells high-, medium- and low-voltage power cables. Under the joint venture agreement, each party may be required to sell its shares to the other party in certain circumstances.

Investments

The main acquisitions carried out by the Group during the year and the main partnerships entered into are described in the "Material Contracts" section of this Registration Document.

Nexans' gross capital expenditure came to 194 million euros in 2013 and 166 million euros in 2012, and broke down as follows:

By market: Energy Infrastructure accounted for 59% of the Group's total capital outlay. The amounts concerned were notably used for (i) the new extra high-voltage cables plant in South Carolina (United States), (ii) projects related to orders for submarine cables in Norway, and (iii) increasing the Group's production capacity for cables for wind farms in Germany.

By geographic area: market lines in Europe represented around 30% of consolidated capital expenditure in 2013, with the main projects concerning fire-resistant cables and automobile harnesses. Capital expenditure programs were also put in place for the High-Voltage business group, with the new extra high-voltage cables plant in South Carolina, and for the submarine cables business in Northern Europe. In the Asia-Pacific Area, the capital spending focus was on manufacturing facilities.

In 2014, the Group plans to carry out a large-scale cost reduction program at its production sites across all of its geographic areas, and to redeploy its sites in the Asia-Pacific Area.

Property, plant and equipment

The Group's plants and facilities are located in 60 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. The property, plant and equipment of the two companies acquired in 2012 – Americable and Shandong Yanggu New Rihui Cables – are not material at Group level.

The environmental issues raised by the use of property, plant and equipment are addressed in Section 9.1 of the 2013 Management Report ("Environmental approach and data") on page 53 *et seq.* of this Registration Document.

Legal and arbitration proceedings

To the best of the Company's knowledge, other than the cases referred to in this Registration Document, there are no governmental, administrative, legal or arbitration proceedings (including any such proceedings that are pending or threatened) which may have, or have had in the past twelve months, a material impact on the financial position or profitability of the Company and/or the Group, taking into account provisions already recognized, insurance coverage in place and the possibility of recourse against third parties, as well as Management's assessment of the probability of a material impact occurring after factoring in these parameters. The cases referred to in this Registration Document are described in (i) section 6 ("Risk factors") of the 2013 Management Report (see pages 25 et seq.), and (ii) Note 22 ("Provisions") and Note 30 ("Disputes and contingent liabilities") to the 2013 consolidated financial statements (see pages 156 et seq. of this Registration Document).

Significant events since the year-end and approval of the 2013 Management Report

As indicated in Nexans' press release dated April 2, 2014, the Group was informed of the European Commission's decision announced the same day following its investigation into alleged anti-competitive behavior of cable manufacturers in the high voltage submarine and underground power cable sector. The Commission imposed a fine on the major European and Asian industry actors. The fine on Nexans France was 70,670,000 euros, of which 65,767,000 euros is subject to joint payment liability of Nexans as parent company.

The Commission's investigation commenced in 2009 and the period covered by the decision against Nexans France dates from November 2000 to January 2009. The cables concerned by the decision were narrowed from the initial investigation, following Nexans' submissions on scope, to underground cables at voltages of 110 kV and above, and submarine cables at voltages of 33kv and above. Nexans France has recorded a 200 million euro provision in its statutory financial statements, as well as in the Group's consolidated financial statements, since June 30, 2011. Since payment must be made within three months even if an appeal is filed, the Group's net debt will be impacted in 2014.

Nexans will review the voluminous decision in detail to determine its next course of action which could include appeal. The Group will evaluate the consequences of the decision for possible further action as well as the impact of this decision and other recent developments in the other ongoing competition authority investigations in the same cable sector in the United States, Canada, Brazil, Australia and Korea, whose consequences as previously reported could have a material adverse effect on the results of Nexans and its financial situation. The Group will communicate further at the time of its first-half results.

This information should be read in conjunction with the information given in section 6.1.1 (Antitrust investigations) of the 2013 Management Report on page 25 of this Registration Document, in Note 30 "Disputes and contingent liabilities" to the consolidated financial statements on page 188 of this Registration Document, and in Note 26 "Other information" to the corporate financial statements on page 221 of this Registration Document.

To the best of the Company's knowledge at the date of this Registration Document, no other significant changes in Nexans' financial or trading position have occurred since February 7, 2014 – the date on which the 2013 corporate and consolidated financial statements were approved for publication.

RELATED-PARTY **AGREEMENTS**

List of related-party agreements

1. Prior agreements remaining in force in 2013

1.1 Corporate officer involved: Georges Chodron de Courcel, Nexans Board member and Chief Operating Officer of BNP Paribas

• 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 4% 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 to 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 February 7, 2012, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event of his removal from office as Chairman and CEO.

The termination indemnity payable would be equal to one year of Frédéric Vincent's total compensation, i.e., 12 times his most recent monthly base salary plus the corresponding percentage of his bonus.

The payment of this indemnity would be subject to the satisfaction of two performance conditions:

(1) A share performance condition based on Nexans' share performance measured over a three-year period (with the last measurement date corresponding to the date on which the termination decision is taken), as compared with that of a benchmark panel of companies.

(2) A financial performance condition based on the ratio of the Group's operating margin to sales (at actual metal prices) measured over a three-year period (corresponding to the three full fiscal years preceding the fiscal year in which the termination takes place), as compared to the same indicator for the same benchmark panel of companies as used for the share performance condition.

The benchmark panel of companies comprises Leoni, Prysmian (Draka), Legrand, General Cable, Rexel, ABB, Schneider Electric, Saint Gobain and Alstom.

The payment of one half of the termination indemnity would be based on the share performance, and the other half would be based on the financial performance.

For both criteria, the Group's performance would be compared to that of the benchmark panel and the amount of the indemnity would be reduced as shown below if Nexans'performance is not higher than the median:

Index	Performance level and percentage of termination indemnity due
Nexans higher than the median	100%
Nexans higher than the 4th decile	80%
Nexans higher than the 3rd decile	50%
Nexans lower than or equal to the 3rd decile	0%

Consequently no indemnity would be payable if Nexans' performance is lower than the 3rd decile.

The level of achievement of these conditions would be noted by the Appointment, Compensation and Corporate Governance Committee.

The termination indemnity will be payable only (i) in the event of a forced departure resulting from a change of strategy or control, 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 Chairman and CEO's term of office or a change in function, in accordance with Article L.225-42-1 of the French Commercial Code.

• Non-compete indemnity

On February 7, 2012, 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 any 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 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) shall not represent an amount exceeding two years' worth of his fixed and variable compensation.

The related-party commitments given by the Board of Directors on February 7, 2012 concerning the Chairman and CEO's termination and non-compete indemnities were approved at the May 15, 2012 Annual Shareholders' Meeting.

• Welfare scheme and pension plans

On February 7, 2012, in connection with the renewal of Frédéric Vincent's term of office as Chairman and CEO, the Board of Directors confirmed that he could remain registered with the defined benefit pension plan set up by the Group for certain employees and corporate officers, as well as with Nexans' welfare plan (death, disability, incapacity and medical expenses). These commitments were approved at the May 15, 2012 Annual Shareholders' Meeting.

The regulations for this defined benefit pension plan were adopted by the Board of Directors in 2004 (and amended on October 1, and November 25, 2008 as approved by the shareholders), and make the plan's benefits conditional upon the beneficiary ending his or her professional career while still with the Company. The amendments to the regulations made by the Board on November 25, 2008 provided that plan benefits for new corporate officers will be conditional upon five years' seniority with the Company.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling specified in the AFEP-MEDEF Corporate Governance Code.

The defined benefit pension plan also complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of the beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

The amount of the commitments given by the Group relating to pension and similar benefits concerning Frédéric Vincent corresponded to 8,591,970 euros at December 31, 2013, excluding taxes. Social security contributions and related taxes came to 4,678,570 euros.

1.3 Corporate officer involved: Guillermo Luksic Craig, member of Nexans' Board of Directors and Chief Executive Officer of Madeco (renamed Invexans in 2013)[1]

• Agreement of March 27, 2011 to strengthen the position of Madeco (renamed Invexans in 2013) as the Group's principal shareholder

At its meeting on March 25, 2011 (on which date Invexans held less than 10% of Nexans' share capital) the Board of Directors authorized the Company to sign an agreement with Invexans, which aimed to give Invexans a leading position in Nexans' share capital by increasing its ownership interest from 9% to 20%.

As the agreement corresponds to a related-party agreement due to the presence of a joint director, Guillermo Luksic Craig, it was authorized in advance by Nexans' Board of Directors and was submitted for approval at the 2011 Annual Shareholders' Meeting. This agreement – which was executed on March 27, 2011 and ratified at the May 31, 2011 Annual Shareholders' Meeting – had a ten-year term effective from the date on which Invexans' interest in Nexans reached 15%, i.e., from August 26, 2011 (but was amended on November 26, 2012 as described below).

The agreement was accompanied by the appointment of a second representative, Francisco Pérez Mackenna, as proposed by Madeco (since renamed Invexans) at the Annual Shareholders' Meeting of May 31, 2011.

In accordance with its commitments under this agreement and given that Invexans' ownership interest in Nexans passed the 15% threshold, a Shareholders' Meeting was held on November 10, 2011 to i) elect Hubert Porte as Invexans' third representative on Nexans' Board of Directors, ii) to amend the Company's bylaws to remove double voting rights, iii) to replace the existing 8% or 16% limits on total voting rights exercised in Shareholders' Meetings with a 20% limit on the total voting rights exercised by a single shareholder in Extraordinary Shareholders' Meetings concerning resolutions on major transactions (in order to prevent any shareholder having a *de facto veto*).

(1) Guillermo Luksic Craig's term of office ended in March 2013 and he was replaced by Andrónico Luksic Craig, who was elected as a director at the May 14, 2013 Annual Shareholders' Meeting.

1.4 Agreements executed with a shareholder holding more than 10% of the Company's capital and voting rights

• November 26, 2012 amendment to the March 27, 2011 agreement to strengthen the position of Madeco (renamed Invexans in 2013) as the Group's principal shareholder

At its meetings held on November 20 and 23, 2012, the Board of Directors authorized the Company to enter into an amendment to the March 27, 2011 agreement with its principal shareholder, Madeco, which was renamed Invexans in 2013 and is owned by the Chilean group Quiñenco. The purpose of the amendment is to allow Invexans to increase its maximum stake in the Company from 22.50% (under the initial agreement) to 28% of the share capital and voting rights, thereby allowing the principal shareholder to consolidate its position as a reference shareholder and long-term partner of the Company.

The amendment – which was executed on November 26, 2012 and ratified at the Annual Shareholders' Meeting of May 14, 2013 – also extends the duration of the agreement, which will now terminate on November 26, 2022, i.e. 10 years after the execution date of the amendment, instead of August 26, 2021 under the initial agreement.

Under the amended agreement, during a three-year period ending on November 26, 2015, Invexans must not hold less than 20% of the Company's share capital (lock-up) and may not hold more than 28% (standstill). If Invexans' interest crosses the threshold of 25% of the Company's share capital during this three-year period, the lock-up undertaking will automatically be increased to 25%.

The other main provisions of the initial agreement remain unchanged. In particular, the potential increase in Invexans' stake would have no impact on the governance of the Company, whose Board of Directors includes three members proposed by Invexans. In addition, in accordance with the bylaws, when voting in Shareholders' Meetings on major transactions such as mergers and significant capital increases, Invexans' voting rights (and those of all other shareholders) will be capped at 20% of the Company's total voting rights. Lastly, the parties may terminate the agreement in certain circumstances such as a public tender offer for the Company's shares.

• Settlement agreement dated November 26, 2012 concerning the seller's warranty granted by Madeco (renamed Invexans in 2013) in connection with the February 21, 2008 Purchase Agreement

When the Purchase Agreement for the Madeco group's cables business was executed on February 21, 2008, the Madeco group gave a seller's warranty. The Company and its Brazilian subsidiary Nexans Brasil subsequently made claims under this warranty and a settlement agreement was entered into between the three parties concerning the amounts payable by Invexans to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

This settlement agreement was authorized by the Board of Directors and subsequently ratified at the May 14, 2013 Annual Shareholders' Meeting.

Under the terms of this agreement, Invexans undertook to pay Nexans Brasil a lump sum of around BRL 23.6 million (approximately 9.5 million euros). In return, Invexans will not be required to pay any compensation with respect to the civil and employment law proceedings still in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, will remain governed by the terms of previous agreements entered into between the parties.

1.5 Corporate officer involved: Georges Chodron de Courcel (Nexans Board member and Chief Operating Officer of BNP Paribas)

• Underwriting agreement for ordinary bonds issued in 2012

On December 17, 2012 the Company executed an underwriting agreement with a banking syndicate, including BNP Paribas, in connection with its December 19, 2012 issue of bonds representing an aggregate nominal value of 250 million euros with an annual fixed-rate coupon of 4.25% and maturing on March 19, 2018. Pursuant to this agreement, Nexans undertook to issue bonds representing a maximum nominal value of 250 million euros, and the bank syndicate undertook to place the bonds or subscribe to 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, Crédit Agricole Corporate Investment Bank and Société Générale. The fee paid for 2012 and shared among the guarantors was 1.5 million euros.

This agreement was authorized by the Board of Directors and subsequently ratified at the May 14, 2013 Annual Shareholders' Meeting.

• Addendum to the Multicurrency Revolving Facility Agreement (syndicated loan) dated December 1, 2011 for the purpose of introducing BNP Paribas as an additional lender

On December 7, 2012, the Board of Directors authorized the execution of a related-party agreement corresponding to an addendum to the December 1, 2011 syndicated loan agreement entered into between (i) the Company and Nexans Services and (ii) a pool of French and foreign banks, and concerning a confirmed credit facility of 540 million euros expiring on December 1, 2016. The purpose of the addendum was to introduce BNP Paribas as an additional lender.

As announced on December 7, 2012, a first addendum to the syndicated loan agreement was executed on December 19, 2012. The main aim of this addendum – which did not constitute a related-party agreement – was to increase the leverage ratio specified in the syndicated loan agreement.

The second addendum to the syndicated loan agreement – to introduce BNP Paribas as an additional lender – required the prior unanimous approval of the banking syndicate as stated in the terms of the agreement. It was executed on February 5, 2013 once this approval had been obtained.

As a result of introducing BNP Paribas as a lender, this second addendum also provided for an increase in the confirmed credit facility to almost 600 million euros. The other provisions of the syndicated loan agreement, as amended on December 19, 2012, remain unchanged and are now applicable to BNP Paribas. Following the execution of the second addendum, BNP Paribas was entitled to a participation fee corresponding to 0.68% of the amount of its contribution to the loan which totaled 56,666,666.67 euros. The fee paid therefore amounted to 385,333 euros. In its capacity as a lender under the syndicated loan agreement, BNP Paribas will receive the same commitment fee as the other lenders, as from the date of its inclusion in the agreement.

The addendum was ratified at the May 14, 2013 Annual Shareholders' Meeting.

2. Agreements executed in 2013 and submitted for ratification at the May 2014 Annual Shareholders' Meeting

2.1 Corporate officer involved: Georges Chodron de Courcel, Nexans Board member and Chief Operating Officer of BNP Paribas

- **Global underwriting agreement signed with a banking syndicate in connection with a rights issue carried out on November 8, 2013**

In connection with the rights issue carried out by the Company on November 8, 2013, which resulted in the issuance of 12,612,942 new shares, a global underwriting agreement was authorized by the Board of Directors on September 30, 2013 and signed on October 14, 2013 with a banking syndicate led by BNP Paribas and made up of BNP Paribas, Crédit Agricole and HSBC Bank Plc.

By way of this global underwriting agreement, the aforementioned banks undertook to use their best efforts to ensure that any shares issued as part of the rights issue that were not taken up by existing shareholders would be acquired by other investors. In return Nexans gave a number of undertakings to the banking syndicate, notably lock-up arrangements and certain representations and warranties. In addition, Nexans undertook to pay the underwriting banks a fee as consideration for their commitments.

Entering into a global underwriting agreement with leading banks is standard market practice when carrying out an operation such as a rights issue. A number of different banks were asked to lodge fee proposals in relation to the Global Underwriting Agreement, which were presented to the members of the Appointments, Compensation and Corporate Governance Committee.

The underwriting fee paid in 2013 and allocated between the members of the banking syndicate in proportion to their respective undertakings amounted to 2,101,121.78 euros, of which 1,050,560.89 euros were paid to BNP Paribas. A success fee of 420,224.36 euros was also paid during the year, which was allocated among the members of the banking syndicate.

- **Fee agreement with BNP Paribas in its capacity as Global Coordinator for the Global Underwriting Agreement**

In connection with the rights issue carried out by the Company on November 8, 2013, at its meeting on September 30, 2013, the Board of Directors also authorized the Company to execute another fee agreement with BNP Paribas – separately from the Global Underwriting Agreement – in its capacity as Global Coordinator of the overall operation. The agreement was executed on October 14, 2013. A number of different banks were asked to lodge fee proposals for the role of Global Coordinator, which were presented to the members of the Appointments, Compensation and Corporate Governance Committee.

The coordination fee paid in 2013 to BNP Paribas pursuant to this agreement amounted to 1,418,955.98 euros.

2.2 Agreement executed with a shareholder holding more than 10% of the Company's capital and voting rights

- **Subscription agreement executed with Invexans (a Quiñenco group company) in connection with the rights issue carried out on November 8, 2013**

In connection with the rights issue carried out on November 8, 2013, at its meeting on September 30, 2013, the Board of Directors authorized the execution of an agreement pursuant to which Invexans (a Quiñenco group company) irrevocably undertook to subscribe a number of new shares that would increase its interest to a minimum of 24.9% of the Company's capital and voting rights, provided sufficient shares were available after the other shareholders had exercised their pre-emptive subscription rights. The agreement was executed on October 14, 2013.

As part of this commitment, Invexans gave an undertaking to exercise all of the pre-emptive subscription rights attached to the Nexans shares that it currently owned or that it would own at the time of the issue, and also to issue an order to purchase additional new shares for up to 22,307,175 euros. If the issue was oversubscribed, the number of additional shares allocated to Invexans would have been determined pro rata to its existing interest. In addition, if the entire issue was not taken up by shareholders exercising their pre-emptive rights pro rata to their existing holdings as well as through the purchase of any shares not taken up by other shareholders, Invexans undertook to purchase, at the end of the subscription period, further shares corresponding to the difference between (i) the number of shares representing 24.9% of Nexans' post-rights issue capital and voting rights and (ii) the number of shares held by Invexans (including the shares acquired through the rights issue and those purchased separately by Invexans). Invexans also agreed to hold the shares for at least 180 calendar days (subject to certain customary exceptions).

This agreement provided the Group with a firm commitment from its principal shareholder that it would participate in the planned rights issue (strictly within the framework of the agreement entered into on March 27, 2011 and amended on November 26, 2012). Following the issue, Invexans held 25.3%

Statutory Auditors' special report on related party agreements and commitments (Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2013)

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 report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of 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.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

1. Agreements and commitments to be submitted for the approval of the Shareholders' Meeting

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorized by the Board of Directors.

1.1. 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 signed with a banking syndicate in connection with a rights issue carried out on November 8, 2013.*

Nature and purpose

On September 30, 2013, the Board of Directors of Nexans authorized a global underwriting agreement with a banking syndicate led by BNP Paribas and made up of BNP Paribas, Crédit Agricole and HSBC Bank Plc.

Terms and conditions

Pursuant to this agreement, which was signed on October 14, 2013, the aforementioned banks undertook to use their best efforts to ensure that any shares issued as part of the rights issue that were not taken up by existing shareholders would be acquired by other investors. In return Nexans gave a number of undertakings to the banking syndicate, notably lock-up arrangements and certain representations and warranties. In addition, Nexans undertook to pay the underwriting banks a fee as consideration for their commitments.

Entering into a global underwriting agreement with leading banks is standard market practice when carrying out an operation such as a rights issue. A number of different banks were asked to lodge fee proposals in relation to the Global Underwriting Agreement, which were presented to the members of the Appointments, Compensation and Corporate Governance Committee.

The underwriting fee paid in 2013 and allocated between the members of the banking syndicate in proportion to their respective undertakings amounted to 2,101,121.78 euros, of which 1,050,560.89 euros were paid to BNP Paribas. A success fee of 420,224.36 euros was also paid during the year, which was allocated among the members of the banking syndicate.

- *Fee agreement with BNP Paribas in its capacity as Global Coordinator for the Global Underwriting Agreement*

Nature and purpose

At its meeting on September 30, 2013, the Board of Directors authorized the Company to execute another fee agreement with BNP Paribas – separately from the Global Underwriting Agreement – in its capacity as Global Coordinator of the overall operation.

Terms and conditions

The coordination fee paid in 2013 to BNP Paribas pursuant to this agreement, which was signed on October 14, 2013, amounted to 1,418,955.98 euros.

1.2. Agreement executed with Invexans, Andronico Luksic, Francisco Pérez and Hubert Porte, all serving as Board members of Nexans and Invexans

- *Subscription agreement executed with Invexans (a Quiñenco group company) in connection with the rights issue carried out on November 8, 2013*

Nature and purpose

At its meeting on September 30, 2013, the Board of Directors authorized the execution of an agreement pursuant to which Invexans (a Quiñenco group company) irrevocably undertook to subscribe a number of new shares that would increase its interest to a minimum of 24.9% of the Company's capital and voting rights, provided sufficient shares were available after the other shareholders had exercised their pre-emptive subscription rights.

Terms and conditions

As part of this agreement, which was signed on October 14, 2013, Invexans gave an undertaking to exercise all of the pre-emptive subscription rights attached to the Nexans shares that it currently owned or that it would own at the time of the issue, and also to issue an order to purchase additional new shares for up to 22,307,175 euros. If the issue was oversubscribed, the number of additional shares allocated to Invexans would have been determined pro rata to its existing interest. If the entire issue was not taken up by shareholders exercising their pre-emptive rights pro rata to their existing holdings as well as through the purchase of any shares not taken up by other shareholders, Invexans undertook to purchase, at the end of the subscription period, further shares corresponding to the difference between:

(i) the number of shares representing 24.9% of Nexans' post-rights issue capital and voting rights; and

(ii) the number of shares held by Invexans (including the shares acquired through the rights issue and those purchased separately by Invexans).

Invexans also agreed to hold the shares for at least 180 calendar days (subject to certain customary exceptions).

Following the issue, Invexans held 25.3% of the Company's share capital.

2. Agreements and commitments already approved by the Shareholders' Meeting

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Shareholders' Meeting in previous years, remained in force during the year.

2.1. Agreements entered into with BNP Paribas, Georges Chodron de Courcel serving as a Nexans Board member and Chief Operating Officer of BNP Paribas

• Underwriting agreement for ordinary bonds issued in 2012

Nature and purpose

On December 17, 2012 the Company executed an underwriting agreement with a banking syndicate including BNP Paribas, in connection with its December 19, 2012 issue of bonds representing an aggregate nominal value of 250 million euros with an annual fixed-rate coupon of 4.25% and maturing on March 19, 2018.

Terms and conditions

Pursuant to this agreement, Nexans undertook to issue bonds representing a maximum nominal value of 250 million euros, and the banking syndicate undertook to place the bonds or subscribe to 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, Crédit Agricole Corporate Investment Bank and Société Générale. The fee paid for 2012 and shared among the guarantors was 1.5 million euros. No fee was paid in respect of 2013.

• Addendum to the Multicurrency Revolving Facility Agreement (syndicated loan) dated December 1, 2011 for the purpose of introducing BNP Paribas as an additional lender

Nature and purpose

On December 7, 2012, the Board of Directors authorized the execution of an addendum to the December 1, 2011 syndicated loan agreement entered into between (i) the Company and Nexans Services and (ii) a pool of French and foreign banks, and concerning a confirmed credit facility of 540 million euros expiring on December 1, 2016. The purpose of the addendum was to introduce BNP Paribas as an additional lender.

Terms and conditions

The addendum to the syndicated loan agreement – to introduce BNP Paribas as an additional lender – required the prior unanimous approval of the banking syndicate as stated in the terms of the agreement. It was executed on February 5, 2013 once this approval had been obtained.

As a result of introducing BNP as a lender, this second addendum also provided for an increase in the confirmed credit facility to almost 600 million euros. The other provisions of the syndicated loan agreement, as amended on December 19, 2012, remain unchanged and are now applicable to BNP Paribas. Following the execution of the second addendum, BNP Paribas was entitled to a participation fee corresponding to 0.68% of the amount of its contribution to the loan which totaled 56,666,666.67 euros. The fee paid therefore amounted to 385,333 euros. In its capacity as a lender under the syndicated loan agreement, BNP Paribas will receive the same commitment fee as the other lenders, as from the date of its inclusion in the agreement.

• 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 banking 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 this agreement signed on June 15, 2009, Nexans undertook to issue OCEANE bonds, and the banking 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 2013 by Nexans.

2.2. Commitments entered into with Frédéric Vincent in connection with the renewal of his term of office as Chairman and CEO

• *Termination indemnity payable to Frédéric Vincent*

Nature and purpose

On February 7, 2012, 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 CEO, subject to the terms and conditions set out below. Following the decision by the Shareholders' Meeting of May 15, 2012 to renew Frédéric Vincent's term of office, this agreement replaces the termination indemnity approved by the Board of Directors on April 3, 2009 and renders it invalid.

Terms and conditions

The termination indemnity payable to the Chairman and CEO 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. The payment of this indemnity will be subject to two performance conditions, as follows:

1) a stock market performance condition, based on Nexans' share performance over the three-year period preceding the date on which he is removed from his position compared with the share performance of a benchmark panel of companies over the same period;

2) a financial performance condition, corresponding to the change in the Group's operating margin on sales measured (at actual metal prices) over a three-year period (three full years preceding the year of the termination) compared with the change in the operating margin on sales over the same period for the benchmark panel of companies.

The benchmark panel of companies would be composed of: Leoni, Prysmian (Draka), Legrand, General Cable, Rexel, ABB, Schneider Electric, Saint Gobain and Alstom.

The payment of one half of the termination indemnity will be based on the stock market performance condition, and the other half will be based on the financial performance condition.

For each condition, the Nexans Group's share performance will be compared with that of the benchmark panel on the basis of performance levels. The percentage of the termination indemnity paid decreases in line with the level of performance achieved, as follows:

Level	Level of performance and percentage of the termination indemnity to be allocated
Nexans' share performance above the median	100%
Nexans' share performance above the fourth decile	80%
Nexans' share performance above the third decile	50%
Nexans' share performance equal to or below the third decile	0%

Consequently no indemnity would be payable if Nexans' performance is lower than the third decile.

The degree to which these conditions are met will be recorded by the Appointments and Compensation Committee.

The termination indemnity will be payable only (i) in the event of a forced departure resulting from a change of strategy or control and (ii) after the Board of Directors' official recording of the achievement of the abovementioned performance conditions at the time of or subsequent to the termination of the term of office of Chairman and CEO or change in function, in accordance with article L.225-42-1 of the French Commercial Code.

• *Compensation for a non-compete undertaking payable to Frédéric Vincent*

Nature and purpose

On February 7, 2012, the Board of Directors authorized the payment of compensation for a non-compete undertaking to Frédéric Vincent, subject to the terms and conditions set out below. Following the decision by the Shareholders' Meeting of May 15, 2012 to renew Frédéric Vincent's term of office, this agreement replaces the non-compete indemnity approved by the Board of Directors on April 3, 2009 and renders it invalid.

Terms and conditions

Frédéric Vincent undertakes not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chairman and CEO (as renewed at the first Board of Directors' meeting following this Shareholders' Meeting) regardless of the cause of termination of his duties.

As compensation for this undertaking, Frédéric Vincent will be paid an amount 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.

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

• The Group's welfare scheme and the defined benefit pension plan

Nature and purpose

On February 7, 2012, the Board of Directors confirmed and renewed the registration of Frédéric Vincent, within the framework of the renewal of his term of office as Chairman and CEO, approved by the Shareholders' Meeting of May 15, 2012, with Nexans' defined benefit pension plan for certain employees and corporate officers as well as the welfare scheme (death, disability, incapacity and medical expenses) open to Nexans' employees.

Terms and conditions

The regulations for this defined benefit pension 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.

Plan benefits for new corporate officers are 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 portion of the commitments given by the Group for pensions and similar benefits to which Frédéric Vincent is entitled amounted to 8,591,970 euros at December 31, 2013, excluding taxes. Payroll and similar taxes amounted to 4,678,570 euros.

2.3. Agreement entered into with Invexans (formerly Madeco), Guillermo Luksic serving as a Nexans Board member and Chief Executive Officer of Invexans

• Agreement of March 27, 2011 to strengthen Invexans' position as the Group's principal shareholder

Nature and purpose

The Board of Directors' meeting of March 25, 2011 (on which date Invexans held less than 10% of Nexans' share capital) authorized the execution of an agreement with Nexans' principal shareholder, the Chilean company Invexans, which aimed to give Invexans a leading position in Nexans' share capital by increasing its ownership interest from 9% to 20%.

Terms and conditions

This agreement, executed on March 27, 2011, has a ten-year term, effective from the date on which Invexans' interest in Nexans reached 15%, i.e., from August 26, 2011.

The agreement was accompanied by the appointment of a second representative, Francisco Pérez, as proposed by Madeco (since renamed Invexans) at the Annual Shareholders' Meeting of May 31, 2011.

In accordance with its commitments under this agreement and given that Invexans' ownership interest in Nexans passed the 15% threshold, a Shareholders' Meeting was held on November 10, 2011 to (i) approve the appointment of a third representative, Hubert Porte, as proposed by Invexans, (ii) amend the Company's bylaws through the removal of double voting rights, and (iii) limit a shareholder's total voting rights under the bylaws in a Shareholders' Meeting to 8% or 16%. This was replaced by a 20% limit on a shareholder's total voting rights in an Extraordinary Shareholders' Meeting concerning restructuring transactions in order to prevent any shareholders holding a veto.

2.4. Agreement entered into with Invexans, Guillermo Luksic serving as a Nexans Board member and Chairman of the Board of Directors of Invexans, and Francisco Pérez serving as a Board member of Nexans and Invexans

• November 26, 2012 amendment to the March 27, 2011 agreement to strengthen Invexans' position as the Group's principal shareholder

Nature and purpose

At its meetings held on November 20 and 23, 2012, the Board of Directors authorized the Company to enter into an amendment to the March 27, 2011 agreement with its principal shareholder, the Chilean group Invexans. The purpose of the amendment is to allow Invexans to increase its maximum stake in the Company from 22.50% (under the initial agreement) to 28% of the share capital and voting rights.

Terms and conditions

The amendment – which was executed on November 26, 2012 – also extends the duration of the agreement, which will now terminate on November 26, 2022, i.e., 10 years after the execution date of the amendment, instead of August 26, 2021 under the initial agreement.

Under the amended agreement, during a three-year period ending on November 26, 2015, Invexans must not hold less than 20% of the Company's share capital (lock-up) and may not hold more than 28% (standstill). If Invexans' interest crosses the threshold of 25% of the Company's share capital during this three-year period, the lock-up undertaking will automatically be increased to 25%. The other main provisions of the initial agreement remain unchanged.

- *Settlement agreement dated November 26, 2012 concerning the seller's warranty granted by Invexans in connection with the February 21, 2008 Purchase Agreement*

Nature and purpose

When the Purchase Agreement for the Invexans group's cables business was executed on February 21, 2008, the Invexans group gave a seller's warranty. The Company and its Brazilian subsidiary Nexans Brasil subsequently made claims under this warranty and a settlement agreement was entered into between the three parties concerning the amounts payable by Invexans to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Terms and conditions

Under the terms of this agreement, Invexans undertook to pay Nexans Brasil a lump sum of around BRL 23.6 million. In return, Invexans will not be required to pay any compensation with respect to the civil and employment law proceedings still in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties.

The Statutory Auditors

Paris-La Défense and Neuilly-sur-Seine, March 24, 2014

KPMG Audit
A department of KPMG S.A.

Valérie Besson
Partner

PricewaterhouseCoopers Audit

Eric Bulle
Partner

2014 ANNUAL SHAREHOLDERS' MEETING

The notice for Nexans' Annual Shareholders' Meeting to be held on May 15, 2014 – containing the agenda, information on how to participate in the meeting, the proposed resolutions and the Board of Directors' report on the resolutions – is available on Nexans' website (www.nexans.com), under Finance and then Shareholders' Corner – Shareholders' Meetings – 2014 Annual Shareholders' Meeting.

Governance – Renewal and appointments of directors; related-party agreements

In addition to the resolutions concerning the approval of the parent company and consolidated financial statements, shareholders will be invited to re-elect as a director Véronique Guillot-Pelpel – who is an independent Board member – for a four-year term and to elect two new directors, Mrs. Fanny Letier and Mr. Philippe Joubert, also for four-year terms.

On the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board decided to propose to the Annual Shareholders' Meeting the election of Mr. Philippe Joubert as independent director, in order to bolster the Board's industry and energy knowledge.

In addition, Bpifrance, a long-term strategic partner of the Company and a leading shareholder since 2009, currently with an interest of around 7.8%, proposed the election Mrs. Fanny Letier as a director, related to Bpifrance, instead of Jérôme Gallot, who will remain an independent director. On the recommendation of the Appointments, Compensation and Corporate Governance Committee, the Board examined this proposal and decided to submit the election of Mrs. Fanny Letier to the Annual Shareholders' Meeting of May 15, 2014.

A presentation of these candidates is provided in the notice of the Shareholders' Meeting.

If this re-election and these elections are approved by the shareholders, and in light of the fact that François Polge de Combret has decided not to stand for re-election and Nicolas Tavernost has resigned, following the 2014 Annual Shareholders' Meeting Nexans' Board of Directors would be made up of 14 members, with over 53% of independent directors based on the independence criteria applied by the Company. The proportion of women on the Board would be 38%.

The directors' terms of office would continue to be staggered, and would expire as follows:

2015 Annual Shareholders' Meeting	Robert Brunck, Georges Chodron de Courcel, Cyrille Duval, Hubert Porte[2], Mouna Sepehri
2016 Annual Shareholders' Meeting	Frédéric Vincent, Colette Lewiner, Lena Wujek[3]
2017 Annual Shareholders' Meeting	Jérôme Gallot, Francisco Pérez Mackenna[2], Andrónico Luksic Craig[2]
2018 Annual Shareholders' Meeting	Véronique Guillot-Pelpel, Fanny Letier, Philippe Joubert

Shareholders will also be asked to approve, in accordance with Article L.225-40 (paragraph 2) of the French Commercial Code, the related party agreements entered into in 2013, which are described in the Statutory Auditors' special report presented to the Shareholders' Meeting. These correspond to a subscription commitment of the Company's first shareholder Madeco (renamed Invexans in early 2013), and to an underwriting agreement entered into with BNP Paribas, in connection with the rights issue carried out by the Company on November 8, 2013.

Advisory vote on the compensation due or paid to the Chairman and CEO for 2013

In accordance with the recommendations of the June 2013 revised version of the AFEP-MEDEF Corporate Governance Code – which the Company uses as its corporate governance reference framework – in the ninth resolution, shareholders will be asked to issue a "say-on-pay" advisory vote on the compensation due or paid for 2013 to Frédéric Vincent, Nexans' Chairman and CEO.

When setting the overall structure of the Chairman and CEO's compensation package, the Company draws on reports by independent consultants on market practices for comparable companies.

In accordance with the recommendations of the AFEP-MEDEF Code, shareholders will be asked to consider the following components of the Chairman and CEO's compensation for 2013: fixed compensation, directors' fees, performance shares and benefits in kind. Frédéric Vincent did not receive any variable compensation for 2013.

Full details of the Chairman and CEO's compensation are provided on pages 40 to 45 of this Registration Document (General principles – Compensation and benefits payable to the Chairman and CEO) and are also set out in a summary table published in the notice of meeting for the 2014 Annual Shareholders' Meeting.

(1) To comply with the AFEP-MEDEF code which limits the number of directorships that can be held by executive corporate officers.
(2) Director proposed by Invexans (Quiñenco group).
(3) Director representing employee shareholders.

Financial authorizations – Employee stock ownership – Performance share plan

Shareholders will also be invited to renew (i) the authorization for the Company to carry out share buybacks, which is due to expire at the 2014 Annual Shareholders' Meeting, and (ii) for a period of 18 months expiring on November 15, 2015, the authorizations enabling the Board of Directors to implement its employee stock ownership and long-term compensation policies.

For the purpose of the long-term compensation policy, shareholders will be asked to authorize the Board to set up a plan which would involve the allocation of a maximum of 311,000 performance shares and 15,000 free shares. The free shares would be allocated to the Group's high-potential managers (excluding members of the Management Council), and the allocations would be made on a non-recurring basis. The performance shares would only vest if the beneficiary is still a member of the Group at the vesting date and would be subject to strict performance conditions, each measured over a three-year period. The performance conditions would be divided into two categories – share performance and financial performance – as described in detail in the Board of Directors' report on the proposed resolutions contained in the notice of meeting for the May 15, 2014 Annual Shareholders' Meeting.

The portion of performance shares allocated to the Chairman and CEO would represent less than 20% of the aggregate 326,000 shares authorized for allocation, i.e., around 0.15% of the Company's capital at December 31, 2013. The total dilutive impact of the plan would be approximately 0.78% based on the Company's share capital at December 31, 2013.

Summary of financial authorizations submitted to the May 15, 2014 Annual Shareholders' Meeting

The table below summarizes the 18-month authorizations submitted to the May 15, 2014 Annual Shareholders' Meeting:

<table>
<tr><th>Resolutions</th><th>Limits per resolution</th><th>Sub-limits applicable to several resolutions</th><th>Overall cap</th></tr>
<tr><td>Allocation of performance shares (R13)</td><td>€311,000</td><td rowspan="2">€326,000</td><td rowspan="3">€826,000 representing 1.96% of the Company's share capital</td></tr>
<tr><td>Allocation of free shares (R14)</td><td>€15,000</td></tr>
<tr><td>Issue of shares and/or securities carrying rights to shares, for members of employee stock ownership plans (plans d'épargne d'entreprise) (R15)</td><td>€400,000</td><td rowspan="2">€500,000</td></tr>
<tr><td>Issue of shares and/or securities carrying rights to shares, for a specific category of beneficiaries under employee stock ownership plans (plans d'actionnariat salarié) (R16)</td><td>€100,000</td><td></td></tr>
</table>

Board Committees (as at May 15, 2014 subject to the Annual Shareholder's Meeting vote)

Accounts and Audit Committee
Georges Chodron de Courcel (Chairman)
Cyrille Duval
Jérôme Gallot

Appointments, Compensation and Corporate Governance Committee
Robert Brunck (Chairman)
Jérôme Gallot
Véronique Guillot-Pelpel
Francisco Pérez Mackenna

Strategy Committee
Frédéric Vincent (Chairman)
Robert Brunck
Jérôme Gallot
Colette Lewiner
Francisco Pérez MacKenna

SHAREHOLDER **INFORMATION**

Nexans strives to earn the trust of shareholders by engaging openly with them and providing them with transparent information.

A wide range of financial information

Each year, the Group publishes an Annual Report, a Registration Document and three to four Shareholder Newsletters.

All economic and financial information is available on the Group's website at www.nexans.com, which has a Shareholders' Corner under "Finance" on the home page.

The Shareholder E-Club (www.eclub.nexans.com) also provides video coverage and interviews on Nexans' website to help shareholders get better acquainted with the Group, its projects and its markets. In order to receive regular e-mail updates on important initiatives and events at Nexans, the sole requirements are ownership of one Nexans share and a valid e-mail address.

All queries may be submitted for swift handling via a toll-free service N° Vert 0800 898 898 (in France only) or via e-mail to investor.relation@nexans.com

Open dialog

In 2013, Nexans held three information meetings for individual shareholders in Lyon, Lille and Bordeaux. Several meetings were also organized that helped foster dialog with analysts and investors.

The Annual Shareholders' Meeting was held on first call on May 14, 2013 at the Quai Branly museum in Paris and was broadcast on the Group's website (www.nexans.com).

Registered shares

When shareholders register their shares directly with Nexans, i.e. with the owner's name recorded, there are no custody fees. Registered shareholders are also sent information directly about the Group, including Shareholders' Newsletters, notices of Shareholders' Meetings and information meetings, and updates on the business.

Shareholders wishing to convert their shares to registered form can contact Nexans' securities services agent, Société Générale, at the following address:

Société Générale Service des Titres
32, rue du Champ de Tir - BP 81236
44312 Nantes Cedex 3, France
Tel: +33 (0) 2 51 85 67 89, then press ✶122
Fax: +33 (0) 2 51 85 53 42

Shareholders' agenda

May 6, 2014: First-quarter 2014 financial information
May 15, 2014: Annual Shareholders' Meeting
July 25, 2014: 2014 half-year results

Statutory Auditors

Statutory Auditors	Substitute Auditors

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 Eric Bulle.
Appointed on May 15, 2012.
Term expires at the 2018 Annual Shareholders' Meeting.

Substitute Auditors

Denis Marangé
3, Cours du Triangle, 92939 Paris-La Défense Cedex, France
Appointed on May 26, 2009.
Term expires at the 2015 Annual Shareholders' Meeting.

Étienne Boris
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
Appointed on May 15, 2012.
Term expires at the 2018 Annual Shareholders' Meeting.

Fees paid by Nexans to the Statutory Auditors

(in thouthands of euros)	KPMG International				PricewaterhouseCoopers Audit			
	Amount (excl. Taxes)		%		Amount (excl. Taxes)		%	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Audit services								
Statutory and contractual audits								
Parent company	211	287	9%	13%	369	391	12%	13%
Fully consolidated companies	1,298	1,371	58%	61%	2,029	2,083	66%	68%
Other audit-related services								
Parent company	160	286	7%	13%	132	60	4%	2%
Fully consolidated companies	293	244	13%	11%	270	273	9%	9%
Sub-total	1,962	2,188	88%	97%	2,800	2,807	91%	92%
Other services								
Tax, legal and Labor-related services	263	67	12%	3%	283	157	9%	5%
Other	0	1	0%	0%	0	86	0%	3%
Sub-total	263	68	12%	3%	283	243	9%	8%
Total	**2,225**	**2,257**	**100%**	**100%**	**3 084**	**3,051**	**100%**	**100%**

Statement by the person responsible

Statement by the person responsible for the registration document containing an annual financial report

Paris, April 7, 2014

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 14 to 70 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 205 and 206 of the Registration Document filed with the AMF on April 4, 2012 under number D.12-0275 relating to the consolidated financial statements for 2011 contains the following observation: *"Without qualifying our opinion, we draw your attention to* Note 2.d *"Antitrust investigations" and* Note 31 *"Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the Group."*

The Statutory Auditors' report presented on pages 219 and 220 of the Registration Document filed with the AMF on April 3, 2013 under number D.13-0273 relating to the consolidated financial statements for 2012 contains the following observation: "Without qualifying our opinion, we draw your attention to:

- Note 3 *to the consolidated financial statements "Changes in accounting methods: IAS 19R", which describes a change in accounting method relating to the early adoption of IAS 19R, Employee Benefits;*
- *the "Antitrust investigations" section of* Note 2.f *and the "Disputes and contingent liabilities" section of* Note 32 *to the consolidated financial statements, which describe the antitrust investigations initiated against the Company."*

The Statutory Auditors' report presented on pages 197 and 198 of this Registration Document relating to the consolidated financial statements for 2013 contains the following observation: "Without qualifying our opinion, we draw your attention to Note 2.e "Investigations by the EU antitrust authorities" and Note 30 "Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the Company."

The Statutory Auditors' report presented on pages 222 and 223 of this Registration Document relating to the parent company financial statements for 2013 contains the following observation: "Without qualifying our opinion, we draw your attention to Note 26 "Other information" to the financial statements, which describes the investigations initiated against the Company and its subsidiary, Nexans France SAS, in relation to anticompetitive behavior."

Frédéric Vincent,
Chairman and CEO

Concordance table document

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 and the Statutory Auditors' reports for the year ended December 31, 2012, and the information contained in the Management Report, presented on pages 114 et seq. and 24 et seq., respectively, of the 2012 Registration Document filed with the French financial markets authority (*Autorité des marchés financiers - AMF*) on April 3, 2013 under no. D.13-0273.

- The Group's consolidated financial statements and the Statutory Auditors' reports for the year ended December 31, 2011, and the information contained in the Management Report, presented on pages 110 et seq. and 22 et seq., respectively, of the 2011 Registration Document filed with the AMF on April 4, 2012 under no. D.12-0275.

The sections of the 2012 and 2011 Registration Documents not included are either not applicable for investors or are covered by another section in this 2013 Registration Document.

The pages in the table below refer to this Registration Document filed with the AMF, unless stated otherwise.

Concordance table

CONCORDANCE TABLE FOR THE **ANNUAL FINANCIAL REPORT**

For further information

Nexans' corporate and financial publications may be accessed directly at www.nexans.com or may be requested from:

Communications Department
Nexans
8, rue du Général Foy
75008 Paris (France)

- Tel.: +33 (0)1 73 23 84 00
- Fax: +33 (0)1 73 23 86 38
- E-mail: communication.institutionnelle@nexans.com
- Website: www.nexans.com
- Foundation: www.fondationnexans.com
- Nexans social media sites:

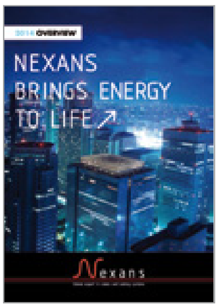
Press relations

- Tel.: +33 (0)1 73 23 84 12
- E-mail: communication.direction@nexans.com

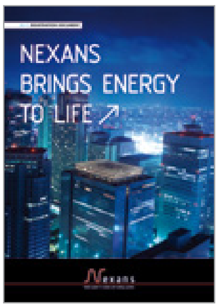
Contact Investors

Finance Department
Nexans
8, rue du Général Foy
75008 Paris (France)

- Tel.: +33 (0)1 73 23 84 56
- Fax: +33 (0)1 73 23 86 39
- E-mail: investor.relation@nexans.com
- Toll-free number N° Vert 0800 898 898 (France only)
- Website: www.nexans.com/finance
- E-Club: www.eclub.nexans.com



2014 Overview



2013 Registration Document

2014 CSR brochure

Credits

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This product comes from sustainably-managed forests and controlled sources/pefc-france.org

Quality-of-life improvements are made possible by access to energy and information, the movement of goods and people, and the safety of infrastructure and buildings. As a global player in the cable industry, Nexans helps meet essential, growing needs with cables and cabling systems that transmit the electricity and information required for society to function. Evolving with our needs and our lifestyles, cables include more and more technology to meet growing requirements. On the cutting edge of its industry for over a century, the Group provides solutions for the most complex applications and the most demanding environments. With its technological leadership, global expertise and local presence, Nexans satisfies essential needs while maintaining the highest levels of safety, performance, and respect for people and the environment.

www.nexans.com

Nexans

Global expert in cables and cabling systems