2014 REGISTRATION DOCUMENT

NEXANS BRINGS ENERGY TO LIFE

Nexans

Global expert in cables and cabling systems

CONTENTS

This Registration document contains Nexans' annual financial report for fiscal year 2014.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration document was filed with the Autorité des Marchés Financiers (French stock market authorities) on march 27, 2015, 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.

A GLOBAL PLAYER IN THE CABLE INDUSTRY

Because our world will always require more energy to function, develop and achieve higher living standards, for over a century now Nexans has played a key role in providing the energy that people need.

Our cables are an indispensable part of today's connected towns and cities, providing access to energy, creating communication channels, facilitating the movement of goods and people, and ensuring the comfort and safety of the infrastructure and buildings that are essential for development and improving the quality of life.

Our teams help meet these vital needs for 21st century society by providing high-performing, cost-efficient and long-lasting solutions for the most complex of uses and the most demanding of environments.

Through our combination of technological leadership, global expertise and local presence, we can effectively partner our customers' development projects, offering them the best conditions for achieving their objectives while respecting the highest levels of safety and taking the greatest possible care of people and the environment.

Nexans is listed on NYSE Euronext Paris.

26,000
EMPLOYEES

6.4
BILLION EUROS IN SALES (1)

MANUFACTURING SITES IN
40 COUNTRIES

SALES PRESENCE
WORLDWIDE

(1) At current metal prices.

THE GLOBAL COMPACT
WE SUPPORT

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.

MEMBER OF THE INVESTMENT REGISTER
ETHIBEL EXCELLENCE

Nexans is included in the Ethibel Excellence Investment Register and in the ESI Excellence Europe and ESI Excellence Euro indexes for investors that take into account not only companies' financial performance but also their social and environmental practices.

Document corrected as of April 13, 2015
Cancels and replaces the document published on March 30, 2015
Correction of compensation summary table on page 52

1. NEXANS' PRESENTATION

MESSAGE FROM

FRÉDÉRIC VINCENT,

CHAIRMAN OF THE BOARD OF DIRECTORS

"2014 WAS A YEAR OF PROGRESS FOR NEXANS, WITH AN ACCELERATION IN ITS TRANSFORMATION PROCESS."

Nexans is laying the foundations for sustainable and profitable growth in a cable industry that has very good long-term prospects. By 2030, the world's population is expected to have grown by 20% and the level of urbanization by 40%. Electricity consumption is set to rise by 50% and the production of renewable energy will likely double. In addition, all forms of mobility will develop considerably during that period. All of these changes will boost the markets for Nexans' safe, high-performing and long-lasting cable solutions, which are often unique in terms of their technologies and services.

2014 was a year of progress for Nexans, with an acceleration in its transformation process.

The Company's governance structure evolved during the year. The Board of Directors decided to split the duties of Chairman of the Board and Chief Executive Officer, with myself assigned the role of Chairman and Arnaud Poupart-Lafarge that of Chief Executive Officer. Under this new governance structure – which has been in place since October 1, 2014 and is working efficiently – the Chief Executive Officer holds all of the Group's operational and functional powers and responsibilities and the Chairman of the Board of Directors acts as the link between the Board and the executive management team. In Nexans case, the Chairman also chairs the Board's Strategy Committee and works in liaison with the executive management team to represent Nexans' best interests in its high-level relations.

Also, the agreement that served as the framework for the relations between Nexans and Invexans – a Quiñenco Group subsidiary – was terminated on May 22, 2014. New governance principles have been put in place for the long-term partnership between the Company and its principal shareholder, with Invexans giving an undertaking –from May 22, 2014 to November 26, 2022 – not to increase its representation on Nexans' Board in its current configuration.

Finally, Nexans launched its sixth international employee share ownership plan in 2014, covering more than 17,000 employees in 23 countries. Thanks to a good subscription rate for the related share issue, Group employees now hold over 4% of Nexans' capital.

INTERVIEW WITH

ARNAUD POUPART-LAFARGE, CHIEF EXECUTIVE OFFICER

HOW WOULD YOU SUM UP 2014?

2014 was a very busy year, with Nexans managing to get back on track. Going forward, the pace of the transformation measures will be stepped up once again in 2015.

Against a difficult economic backdrop characterized by strong price pressure, we turned around our businesses, pursued our restructuring and cost-saving plans, consolidated our positions and won numerous new contracts in the three sectors that are central to our operations – transport, energy resources and electrical infrastructure.

Our contract wins during the year – which clearly demonstrate the trust our customers place in us – included contracts signed with Airbus, the shipbuilders STX and Fincantieri, SBB (Swiss railway operator), Suzlon (a wind-turbine manufacturer), the petroleum corporations BP and Statoil, and the electricity utility companies NSP Maritime Link in Canada, DONG Energy (offshore windfarms) and BKK in Norway. In addition, in early 2015 the Group was awarded a contract by Statnett, TenneT and KfW bank for a power link between Germany and Norway. This represents the Group's largest subsea power cable contract to date, with a value of around 500 million euros.

The technological excellence of our teams was also illustrated through highly innovative projects that came to fruition in 2014, such as AmpaCity, under which the German utility company RWE integrated the world's longest superconductor cable – supplied by Nexans – into a power grid.

For the first time since 2011, our sales were up year-on-year on a comparable basis, increasing by 0.7%. Sales growth was recorded in Europe, North America, as well as in the Middle East, Africa and Russia despite the geopolitical problems in those areas. Conversely, our sales retreated in the Asia-Pacific region (particularly Australia), as well as in South America, although business trends picked up in that region during the second half of the year. The main growth drivers for the year were cables for submarine and industry applications, which posted respective year-on-year rises of 9% and nearly 3%.

The Group's operating margin rose to 148 million euros, or 3.2% of sales, representing a 10% increase at constant exchange rates. We managed to halve our overall loss compared with 2013, with the attributable loss for 2014 coming in at 168 million euros after 197 million euros in asset impairment losses.

We improved our working capital position by 78 million euros and our financial situation is robust, with debt representing 30% of equity. We also have a good liquidity position with a balanced debt repayment schedule.

HOW ARE THE GROUP'S STRATEGIC INITIATIVES PROGRESSING?

The strategic initiatives we have implemented contributed almost half of our 2014 operating margin figure, i.e., 73 million euros (versus 19 million euros in 2013).

- The upswing in our submarine cables business took hold and we achieved our quality targets and manufacturing performance objectives. This means that we can now concentrate on delivering on our order book.
- Our fixed cost reduction program is proceeding as planned, and is even slightly ahead of schedule for support functions.
- Our manufacturing sites and purchasing teams are focused on scaling back variable costs as part of a forward-looking and long-term continuous improvement process.
- Our automotive harnesses business kept up its pace of growth in 2014. We are the number one supplier of power and vehicle data cables for the major German automakers Audi, BMW and Mercedes, acting as a veritable partner in their global growth. In terms of innovation, we opened a new innovation center at Donchery in France during the year, dedicated to smart grids, with a view to stepping up the pace of development for solutions.
- Conversely, unfavorable market conditions in South America and the mining sector hampered the implementation of the growth measures provided for in our strategic plan.

WHAT ARE YOUR PRIORITIES?

We intend to pursue and intensify our transformation program in order to strengthen our competitiveness and turn around our operating, economic and financial performance.

- Cost efficiency is imperative: we want to achieve a further 100 million euros in fixed cost savings and we are currently launching preliminary internal studies to this purpose.
- We will strengthen our leadership positions in our key markets by focusing on our most profitable businesses and we will create value through innovation and by enriching our service offer both upstream and downstream of our cable operations. This will entail concentrating our efforts on submarine high-voltage cables and medium-voltage accessories, as well as on automotive harnesses and certain industrial segments with high growth prospects in Europe and China.
- At the same time, we will be very selective from a commercial perspective, only taking on profitable orders. Measures to achieve this objective are already well underway in Europe.
- We are actively managing our business and project portfolio to improve our return on capital employed. Any operations that have not been successfully turned around within 18 months will not be kept within the Group, with the related divestment decisions taken as from the second half of 2015.

The achievement of these strategic goals represents potential average annual cost savings or improvements amounting to 125 million euros, excluding the impact of asset disposals, which should more than offset the effect of price erosion and cost inflation and therefore boost our operating margin.

WHAT IS YOUR OUTLOOK FOR 2015 AND BEYOND?

We expect the operating environment to remain difficult in 2015, with strong volatility in copper prices and exchange rates, as well as weak levels of capital expenditure by utility companies and lackluster conditions for the oil & gas and mining sectors. At the same time, our restructuring measures will weigh on cash flow generation. That is why we have decided to intensify our cost-reduction measures and direct our resources towards the most profitable businesses and projects. This will lay solid foundations for the Group which will enable us to capitalize on the very favorable outlook for our industry, in both a lasting and profitable way. Demand for cables is closely linked to growing urbanization, mobility and energy needs which go hand in hand with economic and social development.

"THIS WILL LAY SOLID FOUNDATIONS FOR THE GROUP WHICH WILL ENABLE US TO CAPITALIZE ON THE VERY FAVORABLE OUTLOOK FOR OUR INDUSTRY, IN BOTH A LASTING AND PROFITABLE WAY."

I know I can count on the commitment and dedication of our employees, who now own more than 4% of Nexans' capital, and I am fully confident in our ability to successfully transform the Group and regain performance levels that are befitting of our strengths and potential.

NEXANS' EXECUTIVE MANAGEMENT TEAM

Nexans' executive management team is headed by Arnaud Poupart-Lafarge.

It is responsible for determining the Group's strategy, resource allocation policies and organizational structure. It is also tasked with ensuring that the Group is managed efficiently and effectively. Its members are:

1. Arnaud Poupart-Lafarge,
   Chief Executive Officer

2. Pascal Portevin,
   Senior Corporate Executive Vice President, International and Operations

3. Christopher Guérin,
   Senior Executive Vice President, Europe

4. Dirk Steinbrink,
   Senior Executive Vice President, in charge of the High-Voltage business

5. Nicolas Badré,
   Chief Financial Officer

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

CORPORATE MISSION AND STRATEGY

Demographic growth, urbanization, mobility of people and goods, energy transition, digital transformation and massively increasing volumes of data exchange are all generating considerable needs for energy, infrastructure, transport and buildings. These factors are driving long-term demand for energy and data cables.

Nexans' corporate mission is to transport energy and data effectively and safely by proposing sustainable, high-performing solutions to its customers.

Through our highly technical cables and solutions, we can partner the development of communities and help improve the quality of life across the globe. Our business is focused on four main end-markets.

FOUR GROWTH MARKETS ESSENTIAL FOR THE DEVELOPMENT OF 21ST CENTURY SOCIETY

Energy and data infrastructure

- High-, medium- and low-voltage submarine, underground and overhead electricity transmission and distribution networks
- Land-based and submarine telecommunication networks, using copper and optical fiber cables

Energy resources

- On- and off-shore oil and gas
- Renewable energies: On- and off-shore wind farms, solar power
- Thermal and nuclear power plants
- Mining

Transport

- Aeronautical and spatial
- Automotive
- Shipbuilding
- Rolling stock and railway networks
- Airports, railway stations and ports

Building

- Industrial, logistics, tertiary and commercial buildings
- Community facilities
- Housing
- Data centers

(1) Proportion of Nexans' sales in 2014 at constant metal prices.

Energy and data infrastructure

Electricity transmission and distribution

The Group's offer 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 key player in high-voltage submarine applications, which are in strong demand worldwide due to the need for power links between countries, as well as island-to-mainland links. 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 submarine 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 for overhead lines, as well as superconducting cables and superconducting fault current limiters. These power line carrier (PLC) 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.

Telecommunications networks

The Group manufactures submarine telecommunications cables and offers high-performance solutions for land-based infrastructure such as ultra-fast broadband applications for copper-based networks and fiber-to-the-home (FTTH) systems. Thanks to its partnership with Sumitomo Electric Industries – one of the world's largest optical fiber manufacturers – Nexans can provide its customers with easy-to-install solutions and cutting-edge technologies.

Energy resources

In the energy resources sector – which encompasses mining activities, oil and gas production and electricity generation – Nexans proposes safe, robust and high-availability cabling systems, combined with maintenance and repair services.

As a leading global player in cables for submarine applications, we design umbilical cables and direct electrical heating (DEH) systems for use in the most complex and remote deep water oil and gas fields, including in the Arctic.

Renewable energies are an essential element of our offering and we propose comprehensive cabling solutions for wind turbines and both off-shore and on-shore wind farms, as well as cables and other equipment for solar power installations and thermal and nuclear power plants.

Transport

We work in close cooperation with our manufacturing and OEM customers in the automotive, aeronautical, shipbuilding and railway sectors, with a view to meeting their demand for safe, lightweight, compact, easy-to-install and recyclable products and in-vehicle equipment.

In particular, we partner a number of leading German automotive manufacturers on several continents.

The Group is a world leader in cables for the shipbuilding segment – with a dedicated subsidiary in South Korea – as well as for the aeronautics manufacturing industry, with specialized facilities in France, Morocco and the United States.

Building

In the building market, Nexans pursues a strategy of differentiation through 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, shared inventory management at distributors' premises, and e-services for both buyers and installers.

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 and recyclable materials, interior air quality and environmental protection. Nexans 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 offer also covers 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, 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.

We also supply advanced systems for optimizing energy and managing and controlling connections and usage in real time for data centers.

IN A DIFFICULT OPERATING ENVIRONMENT, NEXANS IS PURSUING ITS TRANSFORMATION MEASURES AND FOCUSING ON THREE MAIN STRATEGIC ORIENTATIONS:

Regaining competitiveness by optimizing fixed and variable costs and working capital, and improving productivity and operating efficiency;

Strengthening our market leadership by becoming the cable industry's benchmark in the four end-markets in which we are currently nurturing our competitive strengths, by expanding our product and service offerings so that we can go beyond cable supply, notably through our innovation and R&D capabilities;

Pro-actively managing our portfolio by favoring targeted investments to accelerate growth in very profitable and high-potential businesses, and implementing a strategy of transforming or selling lower-performing businesses.

Regaining competiveness

Operating efficiency

The Nexans Excellence Way lean manufacturing program aims for operating excellence through the continuous, long-term improvement of all the Group's production 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 requirement.

Ten networks are in place aimed at sharing innovations and best practices between manufacturing sites that use the same technologies.

Within three years the Nexans Excellence Way program allowed the Group to reduce by 60% the frequency rate of workplace accidents with lost time. This rate was 3.2 in 2014, and the Group aims to improve it by a further 20% in 2015.

Competitiveness plan

In 2013 Nexans launched a competitiveness plan focused on eight areas covering the whole 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. Each of the Group's manufacturing sites has drawn up a specific competitiveness plan based on the main areas defined at Group level and aimed at achieving efficiency gains specific to the site concerned.

In addition, a dozen redesign projects have been put in place in order to lower production costs. The main projects concern optimizing and standardizing the design and production processes for copper and aluminum conductors, which represent over half the cost of cables, and for rubber and PVC composites which are used for insulation.

We are also taking steps to streamline our product portfolios. By halving the number of their product references and concentrating on products that are profitable and have a high turnover rate, several plants have removed bottlenecks, and as a result have reduced their inventories and working capital requirement, and improved their sales, delivery lead times and results.

An effective purchasing policy is key to the Group's technical and financial performance. Supplier deliveries of copper and aluminum and physical flows between plants are calibrated and paced in order to lighten working capital requirement. Purchasers identify the most competitive countries by product family and 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.

Strengthening our market leadership

Technologies

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 also 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 technologies.

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

Customer satisfaction

Nexans serves very different customers – network operators, energy producers, mining companies, equipment manufacturers, infrastructure builders, construction companies, installers, distributors and engineering firms – which have diverse needs in a range of different countries. We constantly aim to meet all of our customers' requirements, 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 uses a Group-wide customer relationship management system, as well as shared standards and performance indicators. Standardized satisfaction surveys are used as the basis for improvement plans and we continuously adapt our resources and organizational structures to strengthen our customer relationships and increase responsiveness. Two other customer-centric measures we have taken are decentralizing 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 Nexans' functions play a role in the overall customer-oriented approach, which is aimed at building 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 who can mobilize all the Group's resources to provide the most suitable industrial and logistics solutions.

From products to solutions

We propose comprehensive offerings for each market segment – including cable connection accessories – 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, design and engineering solutions, turnkey power lines for network operators, training, maintenance repairs, and management of cable life cycles.

Pro-actively managing our portfolio

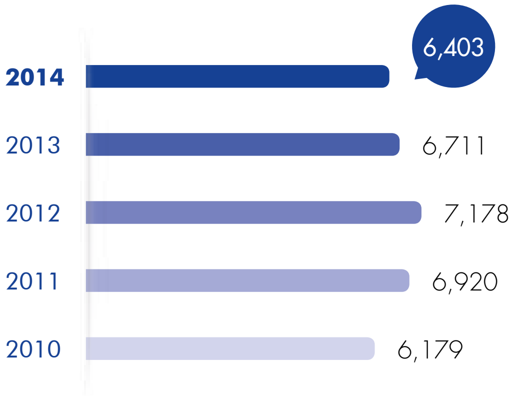
Attractive markets

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, and transportation networks.

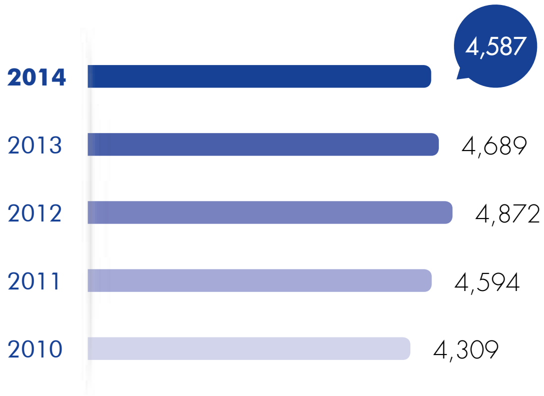
As part of our drive to enhance our ability to serve countries and regions with growth markets we have developed local production capacity in those areas, including new capacity for high and very high voltage cables for power grids in North America and China, and for cables for industrial applications in the resources and transport markets in China. In the same vein, the Korean subsidiary has extended its offering for the shipbuilding industry to cover applications for the off-shore oil & gas sector.

KEY FIGURES

SALES AT CURRENT METAL PRICES
(in millions of euros)



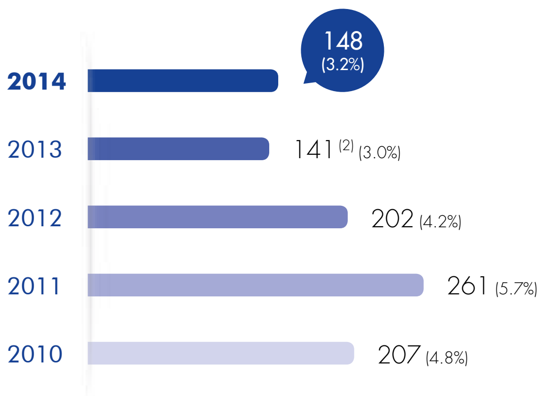
SALES AT CONSTANT METAL PRICES [1]
(in millions of euros)



SALES BY BUSINESS AT CONSTANT METAL PRICES [1]
(in millions of euros)

	2013	2014
Transmission, Distribution & Operators	2,034	1,978
Industry	1,222	1,213
Distributors & Installers	1,155	1,120
Other	278	276
GROUP TOTAL	**4,689**	**4,587**

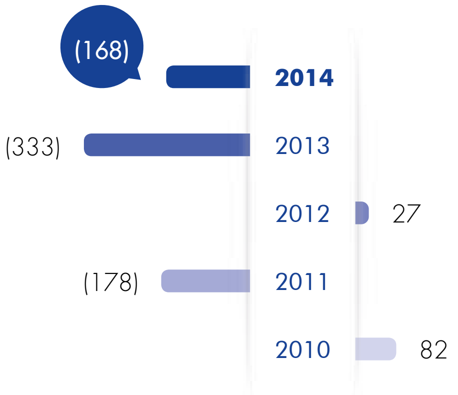
OPERATING MARGIN
(in millions of euros and as a % of sales at constant metal prices)



(1) To neutralize the effect of variations in non-ferrous metal prices and thus measure the underlying sales trend, Nexans also calculates its sales using a constant price for copper and aluminum.
(2) Excluding the 30 million euro non-recurring impact of pensions on operating margin.

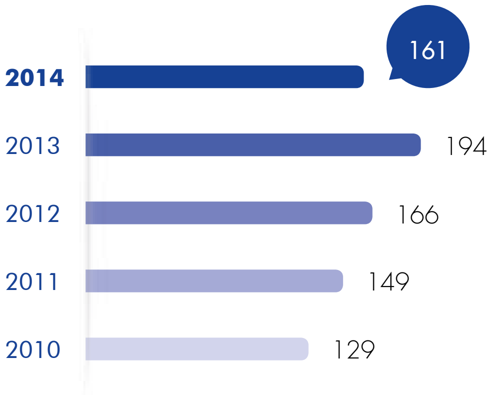
NET INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

(in millions of euros)



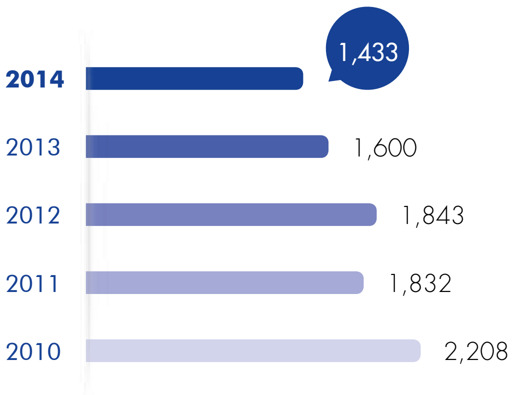
CAPITAL EXPENDITURE

(in millions of euros)



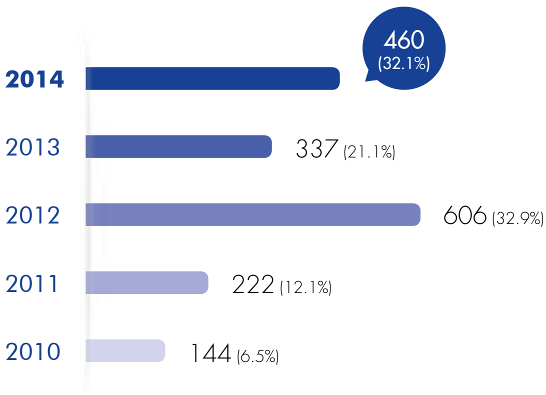
EQUITY

(in millions of euros)



NET DEBT

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



NEXANS SHARE DATA

NEXANS IS LISTED ON NYSE EURONEXT PARIS (COMPARTMENT A)

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

MARKET CAPITALIZATION AT DECEMBER 31, 2014

1.068 billion euros

AVERAGE DAILY TRADING VOLUME IN 2014

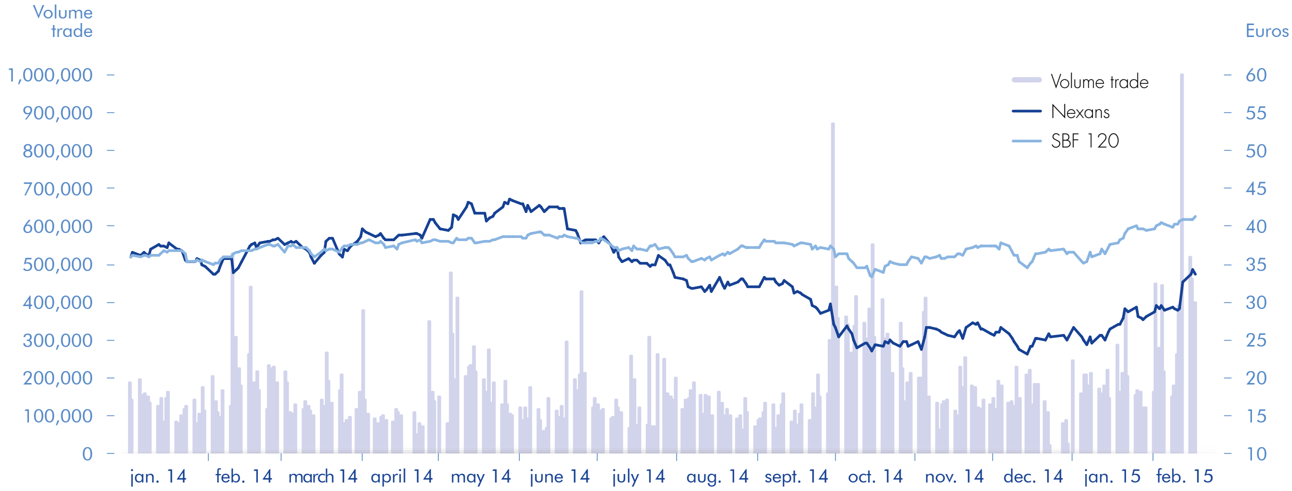
170,783 shares

INDEXES

- SBF 120: 0.07% of the index at December 31, 2014
- ESI Excellence Europe
- ESI Excellence Euro

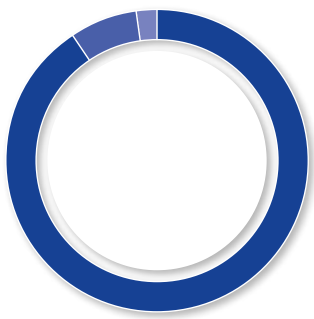
Share performance

(in euros, from January 1, 2014 to February 15, 2015)



ESTIMATED OWNERSHIP STRUCTURE

(at December 31, 2014)



Institutional investors: 90.7%
of which:
- Invexans (Quiñenco group, Chile): c. 29.0%
- Manning & Napier Advisors (United States): c. 8.0%
- Bpifrance Participations (France): 8.0%
- Financière de l'Echiquier (France): 5.0%

Individual and employee shareholders: 7.2%
of which:
- Individual shareholders: 4.1%
- Employee shareholders: 3.1%

Unidentified shareholders: 2.1%

PER SHARE DATA

In euros (except ratios)	**2014**	2013	2012
Net assets[1]	32.75	36.84	61.00
Basic earnings/(loss) per share[2]	(4.01)	(10.66)	0.91
Diluted earnings/(loss) per share[3]	(4.01)	(10.66)	0.90
PER[4]	-	-	36.82
Net dividend[5]	-	-	0.50
Dividend yield[4]	-	-	1.5%

(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) The Board of Directors will not recommend a dividend payment for 2014 at the Annual Shareholders' Meeting of May 5, 2015.

CHANGES IN CAPITAL IN 2014

NUMBER OF SHARES AT DECEMBER 31, 2013	**42,043,145**
Canceled shares	0
New shares issued – Capital increase	7,184
Shares resulting from the exercise of stock options	1,108
NUMBER OF SHARES AT DECEMBER 31, 2014	**42,051,437**
Stock options	1,001,906
Free shares and performance shares	763,982
OCEANE 2016 and 2019	8,753,162
NUMBER OF FULLY DILUTED SHARES AT DECEMBER 31, 2014	**52,570,487**
Average number of shares in 2014 used to calculate:	
• Basic earnings/(loss) per share	42,044,684
• Diluted earnings/(loss) per share	42,044,684

STOCK MARKET DATA

Share price in euros *(except percentages)*	**2014**	2013	2012[1]
High	43.57	42.58	48.66
Low	23.07	28.92	24.81
End-of-year closing price	25.40	36.83	29.91
Change over the year	(31.01)%	23.14%	(16.45%)
Change in the SBF 120 over the year	0.69%	19.49%	16.50%
Change in the CAC 40 over the year	(0.54)%	17.99%	15.23%
MARKET CAPITALIZATION AT DECEMBER 31[2]	**1,068.11**	**1,548.24**	**984.85**
Average daily trading volume[3]	170,783	205,492	226,915
Number of shares in issue at December 31	42,051,437	42,043,145	29,394,042
SHARE TURNOVER[4]	**0.41%**	**0.49%**	**0.77%**

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

2. 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, 2014 (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, 2014.

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 NYSE Euronext Paris (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, 2014: Institutional investors: 90.7%, of which approximately 29.0% held by the Quiñenco group (Chile) through its subsidiary Invexans, nearly 8.0% by Manning & Napier Advisors (USA), 8.0% by Bpifrance Participations (France), and 5.0% by Financière de l'Echiquier (France); private investors: 4.1%; employee shareholding funds: 3.1%; unidentified shareholders: 2.1%.

1. OPERATIONS DURING 2014

1.1 Consolidated results of the Nexans Group

1.1.1 Overview

Despite a tougher economic context, 2014 saw numerous successes from both a commercial and technical perspective.

During the year we signed new contracts with Airbus, the shipbuilders STX and Fincantieri, SBB (Swiss rail network operator), Suzlon (a wind-turbine manufacturer), the Norwegian utility companies BKK and Statnett, NSP Maritime Link in Canada, DONG Energy, BP, and Statoil, to cite just a few. These contract wins demonstrate the trust that customers are ready to place in us in the transport, energy infrastructure and resource sectors, which are all central to the Group's business.

The Group's technological excellence and the expertise of its teams were also illustrated by innovative projects that came to fruition in 2014, such as AmpaCity, under which the utility company RWE integrated the world's longest superconductor cable – supplied by Nexans – into Essen's power grid in Germany.

Sales for 2014 came to 6.4 billion euros at current metal prices and 4.6 billion euros at constant metal prices, representing 0.7% [(1)] organic growth compared with 2013.

Operating margin totaled 148 million euros, corresponding to 3.2% of sales, versus 141 million euros in 2013 [(2)], up 10% at constant exchange rates.

2014 was marked by strong volatility in both economic and political terms:

- South America and Australia saw worsening conditions in the cable market.
- In Europe, the market for commodity products contracted whereas the industrial applications market improved.
- North America began to pick up.
- Markets in the Middle East and Russia were weighed down by political tensions.

These factors were compounded by the slump in the price of oil and other raw materials in the second half of the year, against a backdrop of large currency swings.
The implementation of strategic initiatives had a 73 million euro positive impact on operating margin in 2014, compared with 19 million euros in 2013. This 54 million euro incremental improvement mainly stemmed from a turnaround in the submarine high-voltage business and restructuring measures, and cost-efficiency programs also participated in the greater contribution from the Group's strategic initiatives. Conversely, the implementation of the growth and innovation measures provided for in the strategic plan was hampered by the unfavorable market environment.

1.1.2 Analysis of sales by division (at constant metal prices)

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators division totaled 1,978 million euros, representing an organic decrease of 0.3% compared with 2013.

Distribution & Operators

Sales to energy utility companies declined by almost 3% year on year. The contraction was particularly marked in the second half in the Asia-Pacific Area and South America.

The Asia-Pacific Area was impacted by performance in Australia, where demand for electricity continued to fall.

(1) The 2013 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates and changes in the scope of consolidation.
(2) Excluding the non-recurring impact of pensions, which had a 30 million euro positive effect on consolidated operating margin in 2013.

The operating environment deteriorated in South America due to a slowdown in infrastructure markets in Brazil and Chile and heightened competition in Peru.

In Europe, sales remained stable albeit at a weak level, as growth in the second half offset the sales decrease experienced in the first six months of the year.

In North America business volumes increased against a backdrop of strong price pressure.

Lastly, despite worsening geopolitical conditions in Lebanon, other countries in the Middle East, and Russia, sales in the MERA Area (Middle East, Russia and Africa) held firm thanks to a positive trend in Morocco.

Sales to telecom operators were down 5% on 2013. Momentum was good in all geographic areas (particularly South America and Scandinavia), apart from France where the business is being reorganized.

Land high-voltage cables

Sales generated by the land high-voltage business retreated by around 5% year on year, despite deliveries taking place in the fourth quarter for the land-based part of the Malta-Sicily contract. Against this backdrop, the Group continued its announced restructuring measures in Europe, slightly ahead of the initial schedule.

Nexans' expansion drive outside Europe continued during the year, with the approval of China-based plant Yanggu's production by an Australian customer, and the new Charleston plant in the United States, which received the necessary approvals from its key North American customers allowing it to tender for bids and take its first orders.

Submarine high-voltage cables

Sales of submarine high-voltage cables rose 9% year on year on an organic basis.

2014 saw a number of deliveries of umbilical cables under contracts signed with BP and Statoil. Momentum was also brisk in the interconnection business, with the manufacture of the Monita cable (linking Italy and Montenegro) and Skagerrak 4 (Denmark-Norway link), as well as cables for the power links between Mallorca and Ibiza and Malta and Sicily.

Operating margin for the submarine high-voltage business climbed sharply, in line with the Group's targets for 2014.

The order book represented around 1.5 billion euros at December 31, 2014, including the NordLink contract win on February 12, 2015 for approximately 0.5 billion euros.

Operating margin for the Transmission, Distribution & Operators division as a whole amounted to 98 million euros, or 5.0% of sales at constant metal prices, up 40% on 2013. This year-on-year increase was mainly due to the contribution of the submarine high-voltage business returning to its customary level.

Industry

Sales for the Industry division came to 1,213 million euros, up 2.9% on an organic basis versus 2013.

The increase was fueled by sales of automotive harnesses which rose by more than 13% year on year thanks to robust order levels both in Europe and North America. In addition, sales in China began in the second half.

The rest of the transport sector delivered a good showing for the year. Sales of cables to the aeronautics industry fared well in Europe, buoyed by the framework agreement renewed with Airbus in early 2014. The railway sector was also very dynamic, led by the relaunch of high-speed rail projects in China, strong demand for rolling stock, and network expansion in Europe.

The Oil & Gas sector held firm in 2014 thanks to vigorous activity in Korea, the Onshore Rigs business in the United States and contracts for oil platforms in Brazil. The announcement by oil companies of reductions in their capital expenditure following the slump in oil prices in the fourth quarter did not impact the sector's business in 2014 but could have a significant adverse effect on sales in 2015.

Sales in the mining sector declined, due to lower capital spending by mining companies as they felt the impact of the sharp decrease in iron, copper and coal prices.

The wind power sector was boosted by demand in the French market and reported significant overall growth which partly offset a sales contraction in the solar power sector in the United States.

The robotics sector reported growth during the year but sales of cables for other industrial applications were down, notably due to the repositioning of the Industry division's product portfolio in Europe.

The reorganization of the Industry division in Europe continued throughout the course of 2014, with the closure of the three sites for which the process was started in 2013.

Operating margin for the Industry division as a whole totaled 50 million euros, or 4.1% of sales, up on the 3.4% recorded for 2013. This improvement was attributable to the initial positive effects of the reorganization process currently under way in Europe, as well as the measures begun in 2013 to refocus the division's portfolio on sectors with higher added value.

Distributors & Installers

The Distributors & Installers division posted sales of 1,120 million euros, down 0.5% year on year.

This slight decrease reflects mixed performances across the division:

- Sales of LAN cables climbed steeply, propelled by synergies resulting from the partnership with the electrical wire manufacturer Leviton in North America and a robust showing in Asia.
- Sales of energy cables rose in the MERA Area (thanks to Morocco and Turkey), and remained stable in North America and the Asia-Pacific Area, where Australia felt the positive effect of brisk momentum in the residential construction sector. However, the operating environment worsened in South America as well as in Europe, albeit to a lesser degree.

Operating margin for the Distributors & Installers division amounted to 26 million euros, or 2.3% of sales, versus 3.2% in 2013. The decrease was mainly attributable to lower sales volumes and price pressure in South America and heightened competition in Europe.

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 276 million euros for 2014, compared with 278 million euros in 2013

Operating margin came in at a negative 26 million euros, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

1.2 Other items of 2014 consolidated results

1.2.1 Core exposure effect

The core exposure effect represented an expense of 4 million euros in 2014 compared with 41 million euros in 2013. This reflects the fact that dollar-denominated copper prices fell sharply in both 2014 and 2013, but in 2014 this impact was offset by the depreciation of the euro against the dollar which limited the negative effect of core exposure in the consolidated income statement.

The definition of core exposure is provided in Note 1.e.c to the consolidated financial statements.

1.2.2 Restructuring operations

Restructuring costs came to 51 million euros in 2014 (see breakdown in Note 21 to the 2014 consolidated financial statements), versus 180 million euros in 2013:

- The 2014 figure primarily corresponds to downsizing plans in Belgium, France, Germany and the Asia-Pacific region, with a number of plans also implemented in South America (Brazil, Chile and Peru).
- The 180 million euros recorded for 2013 mainly included provisions recognized for downsizing plans in Europe and the Asia-Pacific region.

The Group's restructuring plans include assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

1.2.3 Other operating income and expenses

Other operating income and expenses represented a net expense of 129 million euros versus a net 131 million euro expense in 2013, chiefly comprising:

- A net asset impairment loss of 197 million euros in 2014 and 130 million euros in 2013. 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 for its business units. The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized are set out in Note 6 to the consolidated financial statements.

  The 197 million euro net impairment loss resulting from the tests conducted in 2014 mainly breaks down as follows:
  - 80 million euros in impairment of assets held by the "AmerCable" cash-generating unit (CGU).
  - 66 million euros in impairment of assets held by the "Australia" CGU which comprises Nexans' operations in Australia and New Zealand.
  - 40 million euros in impairment of assets held by the "Brazil" CGU.
  - 11 million euros in impairment of assets held by the "Russia" CGU.

  The 130 million euro net impairment loss recorded in 2013 primarily breaks down as follows:
  - 80 million euros in impairment of property, plant and equipment held by the "Australia" CGU.

- 26 million euros related to expected losses on the divestment of Indelqui and International Cables Company.
- 7 million euros in impairment of property, plant and equipment held by the "Russia" CGU.

- Expenses and provisions for antitrust investigations. In June 2011, the Group set aside a 200 million euro provision to cover the risks of a fine being imposed by the European Commission for anticompetitive behavior. Following the final notification and payment of the fine, which amounted to 70.6 million euros, just under 130 million euros of the original provision were reversed to the income statement. The Group then recognized an 80 million euro provision to cover the direct and indirect consequences of the fine. Consequently, the overall net income of 47 million euros recognized in 2014 in relation to antitrust investigations primarily corresponded to these changes in provisions.

- Gains and losses on asset disposals: A 23 million euro net disposal gain was recorded in 2014 (versus 1 million euros in 2013), chiefly corresponding to sales of non-current assets in France and Canada.

1.2.4 Net financial expense

Cost of net debt totaled 77 million euros in 2014, against 90 million euros the previous year. The decrease reflects non-recurring financial income of 9 million euros recorded because the investor put option related to the OCEANE 2016 bonds was not exercised (see Note 22 to the consolidated financial statements). Other financial income and expenses represented a net expense of 26 million euros compared with 19 million euros in 2013. This 7 million euro increase was primarily due to an unfavorable currency effect.

1.2.5 Income taxes

Although the Group reported a loss of 138 million euros before tax it recorded an income tax expense of 32 million euros in 2014 (versus 39 million euros in 2013).

1.2.6 Consolidated statement of financial position

The Group's total consolidated assets decreased to 5,228 million euros at December 31, 2014 from 5,461 million euros at December 31, 2013.
Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,890 million euros at December 31, 2014, versus 1,964 million euros one year earlier.
- 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 and related liabilities held for sale) decreased by 60 million euros in 2014.
- Consolidated net debt rose by 123 million euros to 460 million euros at 31 December 2014 from 337 million euros twelve months earlier, reflecting the Group's capital expenditure and restructuring plans in progress.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 115 million euros to 709 million euros.
- Total equity stood at 1,433 million euros at December 31, 2014 compared with 1,600 million euros at December 31, 2013.

1.2.7 Principal cash flows for the period

Cash flows from operations before gross cost of debt and tax totaled 146 million euros in 2014, reflecting the Group's positive net income figure after stripping out expenses that had no cash impact during the year (notably the 4 million euros core exposure effect and 345 million euros worth of depreciation, amortization and net asset impairment).

The improvement in working capital requirement – achieved despite slight inventory piling due to the restructuring plans in progress – reflects a better working capital position in the Transmission business as well as a significant decrease in unpaid receivables.

Net cash used in investing activities came to 152 million euros in 2014, mainly breaking down as a 161 million euro cash outflow for purchases of property, plant and equipment and intangible assets and a 20 million euro cash inflow for disposals of non-current assets.

Net cash used in financing activities totaled 147 million euros, chiefly comprising 76 million euros in repayments of borrowings and 74 million euros in interest paid.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents decreased by 181 million euros during the year and stood at 787 million euros at December 31, 2014 (including 810 million euros in cash and cash equivalents recorded under assets and 23 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.2.8 Other significant events of the year

a) Governance and Executive Management

Members of the Board of Directors of Nexans S.A.

At the Annual Shareholders' Meeting held on May 15, 2014, Nexans' shareholders re-elected Véronique Guillot-Pelpel as a director for a four-year term and elected two new directors, also for four-year terms: Philippe Joubert and Fanny Letier (a new director put forward by Bpifrance Participations). At the close of the Shareholders' Meeting the Board of Directors comprised 14 members, after taking into account the expiration of François Polge de Combret's term of office and the resignation of

Nicolas de Tavernost which he tendered in order to comply with the recommendations of the AFEP-MEDEF Corporate Governance Code concerning the limit on the number of directorships held simultaneously by the same person.

Splitting the duties of Chairman of the Board and Chief Executive Officer

On May 15, 2014, on the recommendation of its Chairman, the Board of Directors approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer. Consequently, the Board decided that Frédéric Vincent would retain his role as Chairman of the Board and Arnaud Poupart-Lafarge would become Chief Executive Officer and therefore become an executive director. This change took effect on October 1, 2014.

Executive team

On October 1, 2014, the Company announced Nexans executive team in the form of a Management Board headed by Arnaud Poupart-Lafarge whose members are as follows:

- Pascal Portevin, Senior Corporate Executive Vice President, International and Operations;
- Christopher Guérin, Senior Executive Vice President, Europe;
- Dirk Steinbrink, Senior Executive Vice President, in charge of the High-Voltage business;
- Nicolas Badré, Chief Financial Officer;
- Anne-Marie Cambourieu, Senior Corporate Vice President, Human Resources.

b) Partnership between Invexans (a Quiñeñco group subsidiary) and Nexans

On May 22, 2014, Nexans announced that (i) the agreement between Nexans and Invexans (a Quiñenco group subsidiary) dated March 27, 2011, as modified by the amendment of November 26, 2012, had been terminated, and (ii) Invexans had given a long-term commitment, expiring on November 26, 2022, concerning the future of the two companies' partnership. In this commitment – the full wording of which is available on Nexans' website at www.nexans.com (under Finance/Documentation) – Invexans has undertaken not to request representation on the Board in excess of three members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

c) International employee share ownership plan

At its meeting held on May 15, 2014, and in accordance with the authorizations granted at the Annual Shareholders' Meeting of the same date, the Board of Directors announced the launch of an employee share ownership plan involving the issue of a maximum of 500,000 new shares. This was the sixth international employee share ownership plan set up by the Group.

The plan proposed the same "leveraged" structure as in the 2010 and 2012 plans, whereby employees were able to subscribe for the shares through a corporate mutual fund (FCPE) at a preferential discount share price, with the Company providing them with a capital guarantee plus a multiple based on share performance. The shares are locked into the plan for five years, apart from in special circumstances when employees can access them earlier. In countries where the leveraged structure using a corporate mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR).

The subscription period for the plan ran from November 6 through November 18, 2014 and was followed by a period during which employees could withdraw their subscriptions, from December 18 through December 23, 2014. The subscription price was set on December 17, 2014 at 20.39 euros per share (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding that date). The settlement-delivery of the shares took place on January 21, 2015 and resulted in the issuance of 499,862 new shares, representing an aggregate amount of 10 million euros.

d) Antitrust investigations: April 7, 2014 notification of the European Commission's decision

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation in the submarine and underground high-voltage power cables sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union.

On July 4, 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission.

At June 30, 2014 Nexans France SAS recognized an 80 million euro contingency provision for the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity.

See **Note 29** to the consolidated financial statements for further details.

1.3 The Company

1.3.1 Activities and results

The Company is an ultimate holding company.

For the year ended December 31, 2014, the Company reported sales of 18 million euros, derived primarily from services billed to Group subsidiaries (unchanged from the 18 million euros recorded for 2013).

After taking into account operating costs and net financial expenses amounting to 39 million euros and 46 million euros respectively, the Company ended the year with a net loss of 67 million euros (versus a 51 million euro net loss in 2013).

The Company's equity amounted to 1,804 million euros at December 31, 2014, 67 million euros lower than the prior-year figure.

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 2,929,260 euros at December 31, 2013 and 204,001 euros at December 31, 2014 (invoices not past due at December 31, 2014 and payable in full in the first quarter of 2015).

1.3.2 Proposed appropriation of 2014 results and dividend payment

The Annual Shareholders' Meeting to be held in the first half of 2015 will be asked to appropriate the Company's results for the year – corresponding to a net loss of 66,588,350 euros – as follows:

• Retained earnings brought forward from prior years:	172,679,576 euros
• 2014 net loss	(66,588,350) euros
• Transfer to legal reserve	0 euro
• **Total distributable income**	**106,091,226 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 2014. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place on May 5, 2015.

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:

	2013 (paid in 2014)	2012 (paid in 2013)	2011 (paid in 2012)
Dividend per share	-	€0.50	€1.10
Number of shares qualifying	-	29,394,042	28,760,710
Total payout	-	€14,697,021	€31,636,781

2. PROGRESS MADE AND DIFFICULTIES ENCOUNTERED IN 2014

In addition to the progress made and difficulties encountered described in this report and particularly in section 1 above (**"Operations during 2014"**), during the year the Group pursued its measures to transform its business and organizational structure.

As already mentioned in section 1.2.8 a) above, Nexans' governance structure was strengthened in 2014.

The implementation of the strategic initiatives provided for in the 2013-2015 strategic plan is overseen by a *Transformation Program Office* (TPO), which is an international team reporting to the Strategy & TPO Director.

This team is tasked with supporting and monitoring projects put in place for the purpose of implementing each of the strategic initiatives.

In 2014 the positive impacts of the strategic initiatives already launched were:

- Capacity reductions and an improvement in cost-efficiency in the Asia Pacific region and Europe;
- An improvement in operating conditions in the submarine high-voltage business;
- Cost savings achieved for both manufacturing and purchasing operations;
- The implementation of the innovation & growth measures hampered by unfavorable market conditions.

The Group was faced with numerous operational difficulties during 2014, particularly a pronounced slowdown in business in South America, Australia and the Middle East (Lebanon, Iraq and Libya), and also worsening operating conditions in a number of countries such as Russia and certain African countries (including Ghana) that were hit by currency and liquidity crises.

These factors were compounded by the slump in the price of oil and other raw materials in the second half of the year, against a backdrop of large currency swings.
In addition to risk factors, the main uncertainties for 2015 concern the following:

- The economic environment in Europe, which remains uncertain despite the current low interest rates and oil prices;
- Demand from utilities companies in a context of squeezed government budgets (particularly in Europe and Australia);
- Sharp currency volatility - especially in emerging markets, and the impact of this volatilty on liquidity in certain countries (particularly South America, Africa, China and Russia) - but also in more mature markets (notably Switzerland and Canada);
- Sharp volatility in commodities prices could affect margins in the Group businesses that use them;
- The oil price, which could lead to an additional fall in investment by Oil & Gas companies beyond those already announced for 2015;
- Further deterioration in the geopolitical situation in certain Middle-Eastern countries and in Russia;
- Operating difficulties related to potential water and electricity supply shortages, especially in Brazil.

3. 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.

Total Research and Development expenses were stable year on year, amounting to 75 million euros.

More than 600 researchers, engineers and technicians work in the Group's technical centers, which form part of four Research Centers. The Group currently has a portfolio of approximately 670 patent families, and 78 new patents were filed in 2014. This high number demonstrates the creative abilities of our technical teams and strengthens the Group's market positioning by protecting its intellectual property.

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 continuously 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.

The four Research Centers are tasked with carrying out upstream research activities in their specific areas 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 extrusion, fire-retardant materials and PVC – is based in Nuremberg in Germany.

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 project portfolios. In order to facilitate this coordination task and accelerate the development of new products, the Group has rolled out a new version of its technical project management system which can be used by all business units.

In 2014 the Group's R&D efforts were focused on energy transition, smart grids and safety.

Major advances were achieved in the area of high-voltage direct current (HVDC) systems, which notably enable offshore wind farms to be linked up with onshore grids. In addition, new submarine cables were developed to connect wind turbines with one another within wind farms.

Nexans also made a significant step forward during the year in the cutting-edge area of superconductors – materials that are perfect electricity conductors when cooled to the right temperature. The 1km-long superconducting cable combined with a resistive superconducting fault current limiter that were installed in late 2013 in Essen in Germany were successfully brought into service in 2014. This cable enables medium-voltage power (10kV) to be run directly into city centers, meaning that medium-/high-voltage transformer stations can be moved to the outskirts, freeing up valuable space.

The Group also developed "smart" cable accessories for medium-voltage grids, with built-in current and voltage sensors.

Also in 2014, new fire-resistant cables for the industrial and building sectors were designed, notably with a view to complying with new European regulations. In addition, a trial was set up in Australia of an overhead power line with a state-of-the-art conductor. The type of line used for this trial is particularly suited to supplying power to isolated areas and has the double advantage that it is fire resistant and can be installed on existing pylons.

4. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A total of 499,862 new shares were issued under the employee share issue carried out for the Act 2014 plan dated January 21, 2015 described in section 1.2.8.c) above. Of this amount, 399,977 shares were subscribed by the Group's employees through the corporate mutual fund, and the remaining 99,885 shares were subscribed by Société Générale for the purposes of the alternative formula offered in the plan. The per-share subscription price was 20.39 euros (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding the pricing date). This resulted in an overall capital increase, including the premium, of around 10.2 million euros.

Following the completion of Act 2014, the proportion of the Company's capital owned by employees was 4.2% at January 31, 2015.

No other significant events occurred after the end of the reporting period.

5. TRENDS AND OUTLOOK

In the current context of a still highly-fragmented market, acute competition and customers moving towards larger and integrated structures, competitiveness will be a determining factor for the Group going forward.

All of our measures aimed at transforming the Group will continue to be rolled out and implemented in 2015, with the key priority of improving operating performance. This is intended to enable the Group to deal with the short-term context and create value over the long term. The strategic goals for all of the Group's divisions comprise the following objectives:

- **Regaining our competitiveness** through three key actions:

  - turn around struggling businesses by making more use of regions where production costs are lower,
  - a drastic reduction in fixed and variable costs, including the launch of studies of projects having as their goals an overall savings in fixed costs of 100 million euros in the medium term,
  - continue to optimize working capital.

- **Strengthening the Group's leadership in the four key markets in which** we are currently nurturing our competitive strengths, by expanding and enhancing our product and service offerings so that we can go beyond just supplying cables, notably through our innovation and R&D capabilities:

  - energy transmission and distribution,
  - the development of fossil and renewable energies and mining,
  - transport,
  - building.

- **Pro-actively managing our portfolio** by favoring targeted investments to accelerate growth in profitable and high-potential businesses and implementing a strategy of transforming or selling lower-performing businesses.

Underpinned by its corporate culture transformation, the implementation of these strategic goals represents potential average annual cost savings or improvements amounting to 125 million euros for the Group, and should more than offset the impact of price erosion and cost inflation.

Although market conditions are set to remain tense over the short term, the long-term outlook for the cable industry is positive.

Going forward, long-term economic development vectors shaped by ever-increasing demand for energy and information are expected to have a very favorable impact on the cable industry.

Additionally, the world's growing population and changing social trends are giving rise to increased urbanization and higher energy requirements. The cable industry will be a crucial partner for these changes, which will take place against a backdrop of ever-more stringent requirements in terms of respecting and protecting the environment.

Nexans actively contributes to these deep-seated changes in both of the core areas that underpin its business: energy and urban construction.

The Group's cables and systems are used at all levels of energy networks, from extraction and management of resources right through to energy transportation and distribution. For cities and communities, Nexans produces cables and solutions that enable the transport of people and goods, ensure the safety and security of infrastructure and buildings, and guarantee power supply for telecommunications.

It is for all of these reasons that the Group is confident in the strength of its businesses and in its medium-to-long-term outlook, which will be boosted by expansion within the cable industry's various businesses.

6. RISK FACTORS

The 2014 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 or 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.

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation in the submarine and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and the Company have appealed the European Commission's decision to the General Court of the European Union.
On July 4, 2014, Nexans France SAS paid the 70.6 million euros fine imposed by the European Commission (thus within 90 days from receipt of the notification of the decision as provided for in European regulations).

At June 30, 2014, Nexans France SAS booked an 80 million euro provision for risks for the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity (see Note 29 to the consolidated financial statements for further details).

Certain Group companies are still under investigation by the competition authorities in Australia, South Korea (in addition to ongoing investigations into local operations 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. Investigations in Japan and New Zealand were closed in 2011 without any sanctions being imposed on the Group.

In a press release dated 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 effect of any fine imposed by the European Commission.

As mentioned above and in the consolidated financial statements, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage cables. Six administrative and criminal proceedings have been launched against these subsidiaries in 2007 and additional proceedings in 2013. To date, these subsidiaries have paid fines of approximately 4 million euros in relation to the 2007 investigations. A 7 million euro provision has been maintained in the financial statements at year-end 2014 to cover customer claims following the decisions handed down in these procedures.
In January 2015, a Korean civil court issued a judgement with respect to one of the customer claims relating to the 2007 cases resulted in the Korean subsidiaries being ordered to pay the equivalent of 2 million euros. This judgment is subject to appeal.

In the 2013 proceddings, both the Korean subsidiary and a former executive were found criminally liable in 2014, and the Korean subsidiary paid a fine in an insignificant amount.

Nexans local subsidiaries are cooperating with local Korean authorities in additional investigations into businesses other than the high voltage business for which no administrative or criminal decisions have yet been taken. The Group cannot estimate at this stage the amount of risk relating to these still outstanding investigations and potential customer claims.

In Australia, Olex Australia Pty Ltd – a Nexans subsidiary – was informed on December 3, 2014 that legal action had been taken by the Australian Competition and Consumer Commission ("ACCC") against a number of Australian cable distributors and manufacturers, including Olex. The ACCC is alleging that initiatives taken in 2011 to resolve supply chain inefficiencies – which involved Olex's customers (low-voltage cable distributors) – constituted breaches of antitrust law. Olex intends to defend the proceedings, and has not set aside a provision in this respect.

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.

Since the first half of 2009, the Group has developed and rolled out a Competition Compliance Program which forms the cornerstone of its global compliance program related to ethics and business conduct.

The principles adopted under the Competition Compliance Program include making Management accountable for rolling out the Program, effectively relaying compliance rules and procedures within the Group, ensuring that the Group's employees commit to respecting these rules and procedures by signing compliance certificates, requiring the employees concerned to undergo training on the rules and procedures, and raising their awareness about the risks and sanctions related to unfair competitive practices. Annual action plans are drawn up as part of the Program, and internal audits are performed to ensure that each plan is being properly implemented. The audit findings are included in a presentation of the activity report 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 and Business conduct (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 2014 Report of the Chairman of the Board of Directors).

In the past, the Group has been exposed to 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. No sanctions have been imposed on the Group for these non-compliance cases.

In addition to compliance risk the Group, like many other businesses, is also exposed to the risk of both internal and external fraud, particularly the theft of funds, notably through cybercrime. Almost all of the attacks on subsidiaries have been successfully countered, except for one case which did not represent a material amount.

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) is completely protected against the risk of fraud, (iii) 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.

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 29 ("Disputes and contingent liabilities") and Note 21 ("Provisions") to the 2014 consolidated financial statements.

The most significant dispute risk concerned 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 29** to the 2014 consolidated financial statements).

The dispute between the transmission link owner and the Nexans subsidiary was subject to arbitration proceedings, in which the transmission link owner had reduced its claim to approximately 33 million pounds sterling. The Group's subsidiary accepted no liability whatsoever. The case was closed in a manner beneficial to Nexans in the first quarter of 2015.

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.

A claim that was ongoing for a number years has now been settled in the Group's favor. 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 claimed 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 claimed from the subcontractor compensation for losses caused by the accident (notably delays in the project) in an arbitration in Singapore. The arbitration tribunal ruled in favor of the Group subsidiary.

As at end 2014, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the accounts or specific disclosure as contingent liabilities.

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.

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 tracks 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 2014.

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 or mining industries. The recent falls in the price of oil and certain other commodities could have an impact on the operating environment in general, and on certain customer projects that have been targeted as prospects by Nexans.

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 was pursued and extended in 2014 and this will also be the case for 2015. In case of price increases for supplies, the Group may not be able to pass them on in full 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 2014 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 2014 amounted to around 476,000 tonnes (excluding the approximately 83,000 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 2014 totaled 133,000 tonnes.

At end-2014 the Group did not have any take-or-pay contracts other than a few local contracts in Australia, Brazil and Germany 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 26 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 cases currently under way, see Note 31 to the 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 2014 Report of the Chairman of the Board of Directors).

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 2014, some 10% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle-East, Russia, Africa) and 3.4% in countries which are classified by the Group's credit insurer as having a very unsettled economic and political environment or representing a very high risk. The Group closely monitors its operations in countries exposed to geopolitical risks, such as Argentina, Nigeria, Ghana and Russia.

Due to the political unrest in North Africa and the Middle East since 2011 (particularly in Libya 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 had a subsidiary in Egypt, where the deeply unsettled economic and political environment created very significant operational and business control risks. Consequently, in the first half of 2014 it sold this subsidiary, retaining a minority interest.

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 addition to large-scale competitors, new market players have recently emerged which are drawing on low-cost production equipment and organizational structures (notably in Southern and Eastern Europe) as well as additional production capacities (Middle East, Korea). These players are growing rapidly, which has led to an extremely competitive environment, particularly for cables for the energy infrastructure and building markets.

OEMs (Original Equipment Manufacturers) clients 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.

Furthermore, the activity of certain operating subsidiaries is strongly correlated with economic cycles and investment policies, including infrastructure and major projects. Some markets are changing due to the evolution of energy policies in many countries worldwide.

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. Any delay in identifying, developing and obtaining certification for new technologies that could replace those used by the Group would make it very difficult for the Group to access specific market segments – and could even temporarily exclude it completely – particularly for segments with high added valued and growth potential.

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, Nexans Inc. filed a procedure to invalidate a number of patents held by Belden for data network cables and Belden lodged infringement lawsuits against Nexans Inc. Nexans Inc. was successful in invalidating the patents in reexamination proceedings before the US Patent and Trademark Office; Belden filed an appeal.

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 other correspondence 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. A dispute involving a higher claim than the amount of compensation payable by the third party cannot be ruled out though.

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. For example, the Charleston plant in the United States is located close to a river and therefore has access to the sea. This means that the site is subject to environmental risks that had to be taken into account at the time of its 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.

Some sites, particularly in Brazil, can be subject to operating risks related to potential water and electricity supply shortages.

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, 2014 consolidated provisions for environmental risks amounted to approximately 7.3 million euros and mainly included amounts set aside for (i) clean-up costs for manufacturing sites (in Australia, Belgium and Italy) 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. It 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.
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 furnaces for enamel wire at two sites in France, but this activity was discontinued a long time ago.

Several asbestos-related claims and lawsuits have been filed against the Group in France and abroad. At end 2014, 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 2014.

Please also refer to **Note 1.f.c** to the consolidated financial statements as well as **Note 6** ("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 the discretion of the bondholders on June 1, 2018), (iii) a trade receivables securitization program used by two subsidiaries, (iv) mezzanine financing and factoring programs and (v) 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 (gearing ratio (net debt to equity) of less than 1.1; leverage ratio (net debt expressed as a multiple of EBITDA) of less than 3.5 until end-2014 and 3.0 thereafter) and the cross default clauses applicable to the above-mentioned bonds.

Details of the Group's cash requirements and resources (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 such a way as to limit its exposure to 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 being 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 price 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 credit risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries in 2013. The Group has also set up a master credit insurance program for all of its subsidiaries, although a portion of its trade receivables in China, Morocco, Russia and Libya 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 quite rare – to obtain credit risk coverage in Greece, Argentina, Morocco and Russia.
- 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 included exit clauses for the insurer in the event that the loss amount exceeds the premiums, and 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) or those exposed to other natural risks such as high winds and flooding (United States). 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.

As part of its risk management process, the Group set up a specific capital expenditure program aimed at helping 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, aeronautics and aerospace)

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, aeronautics and aerospace risks are covered by specific policies.

With respect to third-party liability resulting from aeronautics and/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. This was the case for example, for a project concerning a submarine cable between Montenegro and Italy, for which a specific insurance policy was set up in 2014. The after-delivery warranties requested by certain customers sometimes exceed the coverage periods available in the insurance market.

Coverage for the Group's cable-laying ship Skagerrak

The Group's cable-laying 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 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 euro cumulative cap per insurance year.

7. DIRECTORS AND EXECUTIVES

7.1 Members of the Board of Directors

At December 31, 2014, the members of the Board of Directors were as follows:

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

Frédéric Vincent, Chairman of the Board of Directors

- First elected as a director: April 10, 2008
- Appointed as Chairman of the Board of Directors: May 26, 2009
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 20,410 (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)
- 60 years old, French nationality
- Address: 8 rue du Général Foy, 75008 Paris, France

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 was appointed as Chairman and Chief Executive Officer on May 26, 2009 and became Chairman of the Board of Directors on October 1, 2014.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)
- Chairman of the Board of Directors of **Nexans**

Directorships and other positions that have expired in the last five years
- Chief Executive Officer of Nexans
- Chairman of the Board of Directors of Nexans Morocco*
- Director of International Cable Company*
- President of Europacable* (professional association)

Robert Brunck, independent director

- First elected as a director: May 31, 2011
- Expiration of current term: 2015 Annual Shareholders' Meeting
- Number of shares held: 500
- 65 years old, French nationality
- Address: 23 rue de la Fonte des Godets, 92160 Antony, France

Expertise/Experience

Robert Brunck began his career at the Compagnie Générale de Géophysique (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, he was appointed CEO of CGG, and subsequently Vice Chairman and CEO and a director in 1998. He then became Chairman and CEO on May 20, 1999. In 2007, CGG became CGGVeritas further to its acquisition by Veritas, and then CGG in early 2013. He became Chief Executive Officer (1999 to 2010) before going on to become the Chairman of the Board of Directors (2010 to June 2014). Robert Brunck also holds several offices at a number of academic and professional organizations, such as the Centre Européen d'Education Permanente (CEDEP) and the Ecole Nationale Supérieure de Géologie (ENSG).

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- President of l'Association pour la Recherche et le développement des Méthodes et Processus Industriels (ARMINES)
- Director and Vice-President of Centre Européen d'Education Permanente (CEDEP) and director of the Ecole Nationale Supérieure de Géologie (ENSG)
- Director of Groupement des Entreprises Parapétrolières et Paragazières-Association Française des Techniciens du Pétrole (GEP-AFTP)

Directorships and other positions that have expired in the last five years

Within CGG (formerly CGGVeritas):

- Chairman of the Board of Directors of 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 CGG group:

- Director of L'Institut Français du Pétrole (IFP), Le Consortium Français de Localisation, Le Conservatoire National des Arts et Métiers (CNAM) and Le Bureau de Recherches Géologiques et Minières (BRGM).

Georges Chodron de Courcel, independent director

- Chairman of GCC Associés (SAS)
- First elected as a director: June 15, 2001
- Expiration of current term: 2015 Annual Shareholders' Meeting
- Number of shares held: 500
- 64 years old, French nationality
- Address: 32 rue de Monceau, 75008 Paris, France

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 he served as Chief Operating Officer of the Group from June 2003 until June 2014. Since November 2014 he has held the position of Chairman of GCC Associés (SAS), a strategy and financial advisory firm.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Director of **Bouygues SA** and **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*, et Scor Global Life Reinsurance Ireland*
- Member of the Supervisory Board of **Lagardère SCA**

Directorships and other positions that have expired in the last five years

- Chief Operating Officer of BNP Paribas
- Chairman of BNP Paribas UK (Holdings) Ltd*, BNP Paribas (Suisse) SA*, Financière BNP Paribas SAS and Compagnie d'Investissement de Paris SAS
- Vice-Chairman of Fortis Bank SA/NV*
- Director of Alstom, BNP Paribas ZAO*, CNP (Compagnie Nationale à Portefeuille)* and Verner Investissements SAS
- Non-voting director of Safran, Scor SE, Exane (BNP Paribas group)

Cyrille Duval, independent director

- General Secretary of the alloys division of the Eramet group
- First elected as a director: May 31, 2011
- Expiration of current term: 2015 Annual Shareholders Meeting
- Number of shares held: 713
- 66 years old, French nationality
- Address: Tour Maine-Montparnasse, 33 avenue du Maine, 75755 Paris Cedex 15, France

Expertise/Experience

Cyrille Duval has served as General Secretary of the alloys division of Eramet since 2007. Prior to that he held the position of Chief Financial Officer of Aubert et Duval (an Eramet subsidiary). He has been a director and member of the Finance Committee of Metal Securities (Eramet's centralized cash management company) since 2005 and a director of Comilog (the main mining subsidiary of Eramet's manganese division) since 2006.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- General Secretary of the alloys division of the Eramet group
- Chief Operating Officer of EHA (Eramet group)
- Chief Executive Officer of CEIR SAS
- Chairman of Forges de Monplaisir (Eramet group) and Brown Europe (Eramet group)
- Legal Manager of Sorame SCA
- Permanent representative of Sorame on the Board of Directors of **Eramet**
- Director of Comilog (Eramet group) and Metal Securities (Eramet group)

Directorships and other positions that have expired in the last five years

- Director of Stard S.A.
- Legal Manager of Transmet (Eramet group)

Jérôme Gallot, independent director

- Legal Manager of JGC
- First elected as a director: May 10, 2007
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 920 (in conjunction with his wife)
- 55 years old, French nationality
- Address: 46 rue du Ranelagh, Paris 75016, France

Expertise/Experience

After serving as an Auditor at the Cour des Comptes for three years, Jérôme Gallot then worked for the General Secretariat of the French Inter-Ministerial Committee on European Economic Cooperation between 1989 and 1992, 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 was renamed Bpifrance Participations). He also served as Chief Executive Officer of Veolia Transdev from March 2011 to December 2012. Jérôme Gallot has been a member of the Supervisory Board of Acerde (a manufacturer of light rotating anodes for X-ray tubes) since January 2014 and a director of Abivax (a bio-pharmaceuticals company) since February 2014.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Legal Manager of JGC
- Member of the Supervisory Board of Acerde SAS
- Director of Abivax, Caixa Seguros* (Brazilian subsidiary of CNP Assurances) and **Plastic Omnium**
- Non-voting director of **NRJ Group**

Directorships and other positions that have expired in the last five years

- 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
- First elected as a director: May 25, 2010
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 3,885
- Number of corporate mutual fund units invested in Nexans shares: 3,554 (value of one unit = value of one share)
- 64 years old, French nationality
- Address: 8 rue de Tocqueville, 75017 Paris, France

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 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.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Judge at the Paris Commercial Court

Directorships and other positions that have expired in the last five years

- None

Philippe Joubert, independent director

- Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development (WBCSD)
- First elected as a director: May 15, 2014
- Expiration of current term: 2018 Annual Shareholders Meeting
- Number of shares held: 700
- 60 years old, French and Brazilian nationalities
- Address: 19 boulevard Suchet, 75016 Paris, France

Expertise/Experience

Philippe Joubert is the Executive Chair of the Global Electricity Initiative (GEI – a partnership including the World Energy Council), Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development (WBCSD) and Chairman of HRH The Prince of Wales's Corporate Leaders Group on Climate Change. He is a member of the Advisory Board of A4S (Accounting for Sustainability) and is a lecturer at the University of Cambridge Institute for Sustainability Leadership (CISL). Between 1986 and 2012, he held managerial positions in the Alstom Group, including President of the Transmission & Distribution sector from 2000 until 2004, President of the Power sector from 2008 to 2011, and Deputy CEO, in charge of Strategy and Development, from 2011 to 2012. He was a member of Alstom's Executive Committee between 2000 and 2012. Philippe Joubert is also the permanent representative of The Green Option, has been a director of renewable energy producer Voltalia since June 13, 2014 and a director of ENEO Cameroun SA since December 2014.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Senior Advisor and Special Envoy for Energy and Climate for the World Business Council for Sustainable Development* (WBCSD)
- Permanent representative of The Green Option on the Board of Directors of **Voltalia**
- Executive Chair of the Global Electricity Initiative* (GEI – a partnership including the World Energy Council)
- Chairman of The Green Option (SAS)
- Director of ENEO Cameroun SA*
- Chairman of HRH The Prince of Wales's Corporate Leaders Group on Climate Change*
- Member of the Advisory Board of A4S* (Accounting for Sustainability)
- Lecturer at the University of Cambridge Institute for Sustainability Leadership (CISL)*

Directorships and other positions that have expired in the last five years

- Deputy CEO of Alstom

Fanny Letier, director proposed by Bpifrance Participations

- Director of the France Investissements Régions fund at Bpifrance
- First elected as a director: May 15, 2014
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 110
- 35 years old, French nationality
- Address: 14, rue Le Peletier, 75009 Paris, France

Expertise/Experience

Fanny Letier, has been a Director of France Investissements Régions funds within Bpifrance Participations since September 2013, and is in charge of an investment program in equity or quasi equity in the amount of 1.2 billion euros including 353 active participations in small and mid-size companies. Prior to joining Bpifrance she served with the French civil service, holding various posts within the Ministry of Finance (notably head of the Corporate Financing and Development Office in the Treasury Department), as well as the position of Secretary General of the Interministerial Committee for Industrial Restructuring (from 2010 to 2012) and Deputy Chief of Staff at the Industrial Recovery Ministry (2012-2013). She was also a financial advisor for the Permanent Representation of France to the EU in Brussels from 2008 to 2010.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Director of the France Investissements Régions fund at Bpifrance

Directorships and other positions that have expired in the last five years

- None

Colette Lewiner, independent director

- Advisor to the Chairman of Cap Gemini
- First elected as a director: June 3, 2004
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 1,600
- 69 years old, French nationality
- Address: Tour Europlaza – La Défense 4, 20 avenue Andre Prothin, 92927 Paris La Défense, Cedex, France

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 Eurotunnel, Bouygues and TGS-NOPEC Geophysical Company ASA, as well as the Indian industrial group Crompton Greaves since January 2013. She was elected as a Board member of EDF on May 15, 2014.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Advisor to the Chairman of **Cap Gemini**
- Non-executive Chairman of **TDF**
- Director of **EDF, Eurotunnel S.A., 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

Directorships and other positions that have expired in the last five years

- Director of La Poste and Lafarge

Andrónico Luksic Craig, director proposed by Invexans (Quiñenco group)

- Chairman of the Board of Directors of Quiñenco
- First elected as a director: May 14, 2013
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 500
- 60 years old, Chilean nationality
- Address: Enrique Foster Sur 20, piso 15, Las Condes, Santiago - Chile

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 Teck Pack 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.

Mandats et fonctions exercés durant l'exercice 2014 (et non échus au 31 décembre 2014)

- 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***, **Tech Pack S.A.*** (formerly 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** at the University of 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**

Directorships and other positions that have expired in the last five years

- None

Francisco Pérez Mackenna, director proposed by Invexans (Quiñenco group)

- Chief Executive Officer of Quiñenco
- First elected as a director: May 31, 2011
- Expiration of current term: 2017 Annual Shareholders' Meeting
- Number of shares held: 500
- 56 years old, Chilean nationality
- Address: Enrique Foster Sur 20, piso 14, Las Condes, Santiago - Chile

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, Teck Pack, 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.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Chief Executive Officer of **Quiñenco S.A.***
- Chairman of the Board of Directors of the following Quiñenco group companies: **CSAV* (Compañia Sud Americana de Vapores S.A.)** and ENEX* (Empresa Nacional de Energía Enex S.A.)
- Chairman of the Board of Directors of **Tech Pack S.A.*** (formerly Madeco), owned by the Quiñenco Group
- Director of the following Quiñenco group companies: **Banco de Chile***, **CCU* (Compañia Cervecerías Unidas S.A.)** (and various wholly-owned subsidiaries), **SAAM* (Sudamericana Agencias Aéreas y Marítimas S.A.), Invexans*** and Hapag Lloyd*

Directorships and other positions that have expired in the last five years

- Director of Viña San Pedro Tarapacá* (Quiñenco group)
- Director of Banchile Corredores de Bolsa*

Hubert Porte, director proposed by Invexans (Quiñenco group)

- Executive Chairman of Ecus Administradora General de Fondos S.A.
- First elected as a director: November 10, 2011
- Expiration of current term: 2015 Annual Shareholders' Meeting
- Number of shares held: 571
- 50 years old, French nationality
- Address: Magdalena 140, Oficina 501, Las Condes, Santiago - Chili

Expertise/Experience

Hubert Porte is Executive Chairman of the management company Ecus Administradora General de Fondos SA, which was founded in 2004 and invests 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 AMA Time, and is a director of Loginsa and Vitamina. He is also general partner of Latin American Asset Management Advisors Ltd (LAAMA), which he founded in 2004 and which is the exclusive distributor for the Chilean and Peruvian pension funds of AXA Investment Managers' mutual funds. LAAMA currently manages US$2 billion worth of investments for these funds.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- 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 AMA Time* (formerly 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*

Directorships and other positions that have expired in the last five years

- Chairman of the Board of Directors of Central Frenos S.A.

Mouna Sepehri, independent director

- Executive Vice-President, Office of the CEO of Renault
- First elected as a director: May 31, 2011
- Expiration of current term: 2015 Annual Shareholders' Meeting
- Number of shares held: 716
- 51 years old, French nationality
- Address: 13-15 quai le Gallo, 92513 Boulogne Billancourt Cedex

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 and participated in all of Renault's major international growth projects. In 2007, she 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 Operating Cost Efficiency. In 2012, she was elected as a member of the Board of Directors of Danone and appointed a member of the Supervisory Board of M6. And in October 2014 she was appointed as a member of the Board of Directors of Orange.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Executive Vice-President, Office of the CEO at **Renault** and member of the Executive Committee
- Director of **Danone** and **Orange**
- Member of the Supervisory Board of **M6 (Métropole Télévision)**

Directorships and other positions that have expired in the last five years

- None

Lena Wujek, director representing employee shareholders

- Strategy & Institutional Relations Senior Manager at Nexans
- First elected as a director: May 15, 2012
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 10
- Number of corporate mutual fund units invested in Nexans shares: 110 (value of one unit = value of one share)
- 39 years old, French nationality
- Address: 8 rue du Général Foy, 75008 Paris, France

Expertise/Experience

Lena Wujek has worked with the Nexans group since 2008. She holds degrees in business and law and served as Legal Counsel for the Nexans group in the areas of company law and securities law before being appointed to her current position of Senior Manager Strategy & Institutional Relations. Prior to joining Nexans she worked as an attorney at the Paris Bar for seven years 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 the Group's corporate mutual fund, FCPE Actionnariat Nexans.

Directorships and other positions held during fiscal 2014 (and still in force at the year-end)

- Member of the Supervisory Board of FCPE Actionnariat Nexans
- Senior Manager Strategy & Institutional Relations within the Nexans Group

Directorships and other positions that have expired in the last five years

- None

Pursuant to Article 11 of the Company's bylaws, all directors must own at least 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) recommends that each Board member, apart from the director representing employee shareholders, should own at least 500 shares (which is the case for almost all directors). The Board of Directors therefore considers that its non-employee members 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, on 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 Frédéric Vincent in his role as Chairman and CEO in order to meet the objective prescribed by Recommendation 23.2.1 of the AFEP-MEDEF Corporate Governance Code. On July 24, 2014, the Board of Directors decided that in his new position as Chairman of the Board of Directors Frédéric Vincent would still be required to hold a minimum of 15,000 registered shares. At December 31, 2014, Frédéric Vincent held 23,680 Nexans shares (directly and indirectly), therefore meeting the Board's minimum shareholding requirement. Frédéric Vincent has held a consistently increasing number of the Company's shares since he was first appointed as Chairman and CEO in 2009. In addition, Frédéric Vincent holds a number of unexercised stock options as well as performance shares that are not yet fully vested, under plans that provide for minimum holding periods and include purchase requirements for the shares concerned.

On July 24, 2014, the Board of Directors also approved the recommendation of the Appointments, Compensation and Corporate Governance Committee to set the minimum number of shares to be held by Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer at 15,000 shares, and decided that these shares would come from the final vesting of performance shares granted to him.

7.2 Transactions in the Company's securities by corporate officers and senior managers

In accordance with the disclosure requirements in 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 2014 by the corporate officers and executives referred to in 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)*
François Polge de Combret Member of the Board of Directors	02/11/2014	Purchase	Shares	35.24	881,079.23
Francisco Perez Mackenna Member of the Board of Directors	03/11/2014	Purchase	Shares	37.44	14,976.00
Philippe Joubert Member of the Board of Directors	07/28/2014	Purchase	Shares	36.74	25,718.00
Fanny Letier Member of the Board of Directors	07/28/2014	Purchase	Shares	36.82	368.20
Arnaud Poupart-Lafarge Chief Executive Officer	11/10/2014	Purchase	Shares	26.72	19,770.28
Pascal Portevin Senior Corporate Executive Vice President, International and Operations	11/12/2014	Purchase	Shares	26.03	52,068.00

7.3 Directors' compensation

At December 31, 2014 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. Consequently the aggregate amount of directors' fees is now allocated between the individual directors as follows:

- Each director, including the Chairman but excluding the director representing employee shareholders, 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 Board members received any directors' fees in 2014 for positions held in Group subsidiaries.

Based on the total number of Board and Committee meetings held in 2014 and the changes in the composition of the Board of Directors and its Committees (appointment of two new directors mid-year and increase in the number of members on certain committees) as presented in the 2014 Report of the Chairman of the Board of Directors, the total amount of directors' fees calculated according to pre-determined conditions came to 677,500 euros for 2014.

Consequently, on November 19, 2014 the Board decided to reduce the individual amount of directors' fees to be allocated to each of its members in proportion to the amount by which the aggregate annual fees as set at the Annual Shareholders' Meeting were exceeded for the year. This represented a reduction of around 4% for each director.
As a result, the total amount of directors' fees allocated for 2014 was 650,000 euros. The table below shows the allocation between the individual directors for 2014 and 2013 (in euros).

Board member	Directors' fees allocated in 2013 (for 2013)	**Directors' fees allocated in 2014 (for 2014)**
Frédéric Vincent (Chairman of the Board)	34,000	32,620
Robert Brunck	64,000	61,402
Gianpaolo Caccini*	16,500	-
Georges Chodron de Courcel	52,000	55,646
Cyrille Duval	43,000	44,133
Jérôme Gallot	73,000	67,159
Véronique Guillot-Pelpel	43,000	44,133
Philippe Joubert**	-	33,699
Fanny Letier***	-	48,090
Colette Lewiner	46,000	44,133
Andronico Luksic Craig ****	20,000	32,620
Guillermo Luksic Craig *****	7,000	-
François Polge de Combret	46,000	30,701
Francisco Pérez Mackenna	58,000	55,646
Hubert Porte	34,000	32,620
Mouna Sepehri	34,000	32,620
Nicolas de Tavernost	34,000	14,631
Lena Wujek (Director representing employee shareholders)	21,000	20,148
TOTAL	**625,500**	**650,000**

(1) Except for directors whose term of office expired in early 2013, i.e., before the Board amended the rules.
* Director whose term of office expired on May 14, 2013 and was not renewed.
** Director elected for the first time on May 15, 2014.
*** Director elected for the first time on May 15, 2014.
**** Director elected on May 14, 2013 to replace Guillermo Luksic Craig.
***** Director whose term of office expired on March 17, 2013.

In addition Jérôme Gallot has received in 2015 total compensation of 19,950 euros under a services agreement authorized by the Board of Directors at its July 24, 2014 meeting and signed on October 21, 2014. This agreement is described in the Statutory Auditors' report on related party agreements for the year ended December 31, 2014 and will be submitted for shareholder approval at the forthcoming Annual Shareholders' Meeting.

Non-executive directors did not receive any other compensation from the Company in 2014, apart from the director representing employee shareholders, who receives compensation from the subsidiary that employs her.

7.4 Compensation policy for executive directors

The Company applies the AFEP-MEDEF Corporate Governance Code for listed companies in France (the AFEP-MEDEF Code). The Internal Regulations of the Board of Directors – which were revised on October 1, 2014 and 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 Code. The applicable recommendations in the revised version of the AFEP-MEDEF Code have been followed for all of the components of executive directors' compensation, except for one of the elements of a pension plan, as described in the 2014 Report of the Chairman.

Each year the Appointments, Compensation and Corporate Governance Committee puts forward recommendations to the Board of Directors concerning executive directors' compensation. When the Committee sets the rules applicable for calculating this compensation it ensures that they are consistent with the annual performance appraisal process for executives as well as the Company's medium-term strategy and market practices. When setting the overall structure of the compensation packages for executive directors, the Committee draws on reports by independent consultants on market practices for comparable companies. Executive directors' compensation also takes into account both individual performance and the Group's performance.

7.5 Compensation payable to Frédéric Vincent, Chairman of the Board of Directors

Further to the decision by the Board of Directors on July 24, 2014, to split the duties of Chairman and Chief Executive Officer with effect from October 1, 2014, the compensation of Frédéric Vincent was changed. Accordingly, in respect of 2014, this compensation corresponds for nine months of the year (January 1 to September 30) to his position as Chairman and Chief Executive Officer and for three months (October 1 to December 31) to his position as Chairman of the Board of Directors.

In order to establish the components of the compensation of its Chairman, the Board of Directors relies on studies of specialized consultants indicating the market practices for comparable companies. In addition, the compensation of Frédéric Vincent as Chairman of the Board of Directors was established in 2014 in the context of a transition period, since, as the former Chairman and Chief Executive Officer of the Company from 2009 through 2014, Frédéric Vincent was charged with providing comprehensive support for the new Senior Management by the Board. Moreover, he has tasks that are broader than those allocated to a Chairman of the Board by the French Commercial Code, which are described in the Internal Regulations of the Board of the Board of Directors, including, in particular:

- chairing the Strategy Committee,
- representing the Company in domestic and international professional organisations in liaison with the Senior Management,
- representing the Company in its high-level relations with the public authorities and the Group's major partners domestically and internationally, in liaison with the Senior Management,
- the development of the Group's image,
- the liaison between the Board of Directors and the Company's shareholders in cooperation with the Senior Management.

The Board of Directors decided in agreement with the Chairman of the Board that there will be no variable in his compensation in 2015. Also, the Board of Directors decided to not include the Chairman in the possible future long term incentive plan (performance shares).These decisions are taken in the context of the Group's change of governance. They relate to the end of the transition period that began in October 2014 and will be concluded in May 2016 at the time of expiration of the Chairman's mandate. After this period, Nexans Chairman will have the role of a non-executive chairman.

Summary of Frédéric Vincent's compensation and benefits

	2013 (2)	**2014 (3)**
Compensation due for the year	€840,072	€1,385,579
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year (1)	€919,500	€813,092
	€1,719,572	**€2,198,671**

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method
(2) Compensation as Chairman and CEO
(3) Compensation as Chairman and CEO until September 30, 2014 and as Chairman of the Board from October 1, 2014

Breakdown of Frédéric Vincent's compensation and benefits

	2013		**2014**	
	Amounts due for 2013 (4)	Amounts paid in 2013	**Amounts due for 2014 (5)**	**Amounts paid in 2014**
Fixed compensation	€€800,000	€800,000	€€730,000	€730,000
Variable compensation (1)	-	€€430,280	€€616,887	-
Exceptional compensation	-	-	-	-
Directors' fees (2)	€€34,000	€€34,000	€€32,620	€€32,620
Benefits-in-kind (3)	€€6,072	€€6,072	€€6,072	€€6,072
TOTAL	**€840,072**	**€1,270,352**	**€1,385,579**	**€768,692**

(1) No variable compensation was allocated for 2013.
(2) See section 7.3 above (Directors' compensation).
(3) Company car.
(4) Compensation as Chairman and CEO
(5) Compensation as Chairman and CEO until September 30, 2014 and as Chairman of the Board from October 1, 2014

7.5.1 Fixed compensation of the Chairman of the Board of Directors

At its meeting on July 24, 2014, the Board approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and set the fixed annual compensation of the Chairman of the Board of Directors for 2014 at 520,000 euros, payable on a proportionate basis as from October 1.

As the Chairman's compensation was set at the Board meeting on July 24, 2014 and published on the Group's website, the Board – at its meeting on March 17, 2015 – maintained the same fixed compensation of 520,000 euros for the Chairman of the Board of Directors for 2015 as recommended by the Appointments, Compensation and Corporate Governance Committee.

7.5.2 Variable compensation of the Chairman of the Board of Directors

In accordance with the decisions of the Board on February 10 and July 24, 2014, the variable portion of compensation for 2014, paid in 2015, varies between 0% and 150% of the 2014 base compensation and is determined 70% based on the fulfillment of quantitative Group objectives and 30% based on the achievement of specific pre-determined individual objectives.

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 paid for the prior year based on the achievement of pre-determined criteria.

On March 17, 2015, the Board of Directors voted on the determination of the amount of Frédéric Vincent's variable compensation for 2014 and decided:

- as regards the quantitative portion of the variable compensation, under strict application of the level of achievement of the objectives set for 2014 (40% operating margin, 40% ROCE and 20% free cash flow),

- The achievement rate for operating margin is 38.7% of the maximum, and this indicator improved 11% compared with 2013 at constant exchange rates.
- The achievement rate for ROCE of 46.8% of the maximum shows an increase in this indicator compared with 2013.
- The achievement rate for free cash flow is 100% of the maximum, representing a total of 160.7 million euros.

Based on these figures, the Board of Directors noted that the quantitative portion came to 415,954 euros (with a maximum potential amount of 766,500 euros, or 54% of the maximum amount).

- The portion of the individual objectives is 30% and is based on precise pre-established objectives related to the markets, the business activity, the functioning, and the organization of the Group. The Board has found the level of achievement at 61% of the maximum. The amount of this variable portion amounts 200,933 euros (out of a maximum potential amount of 328,500 euros).

The total amount of the variable compensation paid to Frédéric Vincent as determined by the Board for 2014 was thus 616,887 euros, or 56% of the maximum amount.

Furthermore, on November 19, 2014 the Board noted that the performance conditions for Plan No. 10 of November 15, 2011 had not been achieved, thereby canceling all the performance shares granted within the scope of said plan.

For 2015, the Board of Directors decided in agreement with the Chairman that there will be no variable in his compensation. See paragraph 7.5 above for further information.

7.5.3 Stock options and performance shares granted to Frédéric Vincent in his capacity as Chairman and CEO (until September 30, 2014)

Stock options granted to Frédéric Vincent in his capacity as Chairman and CEO until September 30th 2014

	Plan no. 7 February 22, 2008	Plan no. 8 November 25, 2008	Plan no. 9 March 9, 2010
Number of options granted*	75,764	52,452	48,723
Start date of exercise period	02/22/09	11/25/09	03/09/11
Expiration date	02/21/16	11/24/16	03/08/18
Exercise price*	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year	One quarter each year
Performance conditions	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.

* After adjustments made following a rights issue carried out on November 8, 2013.

In accordance with the Group's long-term compensation policy, Frédéric Vincent did not receive any stock options in 2014. In addition he did not exercise any stock options during the year.

Performance shares granted to Frédéric Vincent in his capacity as Chairman and CEO until September 30th 2014

	Plan no. 11 November 20, 2012	Plan no. 12 July 24, 2013	Plan no. 13 July 24, 2014
Number of shares granted	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	Between 0 and 50,000
Value of shares based on the method used in the consolidated financial statements	€257,725 (1)	€919,500 (2)	€813,092
Portion of total shares under the plan granted to Frédéric Vincent	Less than 15%	Less than 20%	Less than 20%
% capital represented by shares granted	0.06%	0.2%	0.12%
Vesting date	11/20/2015	07/24/2016	07/24/2017
End of lock-up period	11/20/2017	07/24/2018	07/24/2019
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 ten companies (Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT); and • a financial performance condition based on the achievement rate at end-2015 of the operating margin and ROCE objectives contained in the 2013-2015 three-year strategic plan issued in February 2013.	Yes (see below)

(1) For Plan no. 11, the number of shares that will vest for Frédéric Vincent 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 11 and 12 take into account the adjustments applied by the Board of Directors on November 20, 2013, in accordance with the applicable law, following the rights issue carried out on November 8, 2013.
(2) As the operating margin and ROCE objectives set in the 2013-2015 strategic plan, which account for half of the performance conditions underlying the performance shares granted under Plan no. 12, were revised in February 2014, the extent to which these performance conditions are met and hence the number of performance shares that will vest will be reduced accordingly.

None of the performance shares granted to Frédéric Vincent vested or reached the end of their lock-up period in 2014. In addition, on November 19, 2014 the Board of Directors found that the level of performance conditions of plan No. 10 of 15 November 2011 were not met and therefore the number of shares vested under the performance shares plan No. 10 is zero. The corresponding shares allocated to Frédéric Vincent have therefore not been acquired.

In accordance with the Group's long-term compensation policy and the resolution adopted at the May 15, 2014 Annual Shareholders' Meeting, on July 24, 2014 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. 13). This plan involves grants of performance shares and free shares to the Group's key executives. Under this plan the Board granted Frédéric Vincent between 0 and 50,000 performance shares in his capacity as Chairman and CEO (i.e. prior to October 1, 2014). The vesting of these shares is subject to the attainment of the following two performance conditions which are of equal weighting and are applicable to all performance share beneficiaries:

(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.

(2) A financial performance condition, which also applies to 50% of the shares granted and is based on the achievement rate at end-2016 of objectives based on two long-term indicators: operating margin on sales at constant metal prices and ROCE. 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 the operating margin target and one quarter contingent on the achievement rate of the ROCE target.

Out of the performance shares granted to Frédéric Vincent, the number of shares that will actually vest at the end of the vesting period on July 24, 2017 may range between a minimum of 0 and a maximum of 50,000 depending on the attainment of the applicable performance targets.

See section 7.7 below ("Stock options and performance shares") for further details on stock options and performance shares granted to executive directors, 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. 13).

The Board of Directors of March 17, 2015 decided to not include the Chairman in the possible future long term incentive plan (performance shares – see above paragraph 7.5).

7.5.4 Commitments given to Frédéric Vincent

First appointed as Chairman and CEO: May 26, 2009
Renewal of appointment as Chairman and CEO: May 15, 2012
End of duties as Chief Executive Officer and start of position as Chairman of the Board of Directors: October 1, 2014
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 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 of the Board of Directors, Frédéric Vincent has received commitments from the Company concerning termination payments. They were authorized at the Board Meeting of July 24, 2014 and are subject to ratification at the next Annual Shareholders' Meeting:

In accordance with paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 23.2.5 of the AFEP-MEDEF Code, Frédéric Vincent's total termination payments – i.e., termination and non-compete indemnities – may not exceed 24 months' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

Frédéric Vincent receives, as Chairman of the Board of Directors beginning on October 1, 2014, a termination indemnity. The payment of this indemnity may only be made in case of a forced departure related to a change in control or strategy (which latest condition shall be deemed satisfied unless otherwise decided by the Board such as in the case of serious misconduct), which shall be assumed in compliance with the Internal Regulations of the Board of the Board of Directors, before the Board establishes that there has been compliance with the performance conditions.

The indemnity will be equal to two years' worth of Frédéric Vincent's total compensation (fixed and variable), i.e., 24 times his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

The payment of the indemnity will be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Frédéric Vincent's

forced departure. This condition will be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition will be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure is at least 50%.

(3) A financial performance condition based on free cash flow, which will be deemed to be met if free cash flow is positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

The amount of the termination indemnity will be determined as follows: (i) 100% of the indemnity will be due if at least two of the three conditions are met, (ii) 50% of the indemnity will be due if one of the three conditions is met, and (iii) no indemnity will be due if none of the conditions are met.

The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable performance conditions and submit their findings to the Board for a final decision.

The final amount payable in relation to the termination indemnity will be paid in one instalment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria have been met.

In compliance with the provisions of the Internal Regulations of the Board of Directors, the termination indemnity may not exceed two years of actual compensation (fixed and variable).

Non-compete indemnity

Frédéric Vincent has undertaken 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 of the Board of Directors.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total 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.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, in the event of Frédéric Vincent's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

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 was a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers. On July 24, 2014 the Board of Directors confirmed that Mr. Vincent will continue to be a member of this pension plan in his capacity as Chairman of the Board of Directors. This commitment will be submitted for approval at the next Annual Shareholders' Meeting.

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company.

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.

This defined benefit pension plan stipulates the payment of a supplemental retirement benefit corresponding to 10% of the reference income (average of the sum of the fixed compensation, variable compensation, and benefits paid during the 3 years preceding his retirement), plus 1.70% of tranche D per year of seniority since 1 January 2001.

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 supplemental retirement is in addition to the mandatory and base supplemental plans and cannot lead to a retirement less than 30% of the reference income, with all mandatory retirement plans taken together; it shall, therefore, supplement the other plans in the amount of at least 30% of the reference income, that is is a lower limit than the limit of 45% provided by the AFEP-MEDEF Code ; the amount of the complement alone may not exceed 30% of the reference income.

The portion of the commitments made by the Group for retirements with regard to Frédéric Vincent as Chairman and Chief Executive Officer until 30 September 2014, and then as Chairman of the Board of Directors beginning on 1 October 2014, was 5,048,868 euros as of 31 December 2014, excluding charges. The social charges and associated taxes paid by the company would amount 661,691 euros.

Welfare plan

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

7.6 Compensation payable to Arnaud Poupart-Lafarge, Chief Executive Officer

Further to the decision by the Board of Directors on July 24, 2014, to split the duties of Chairman and Chief Executive Officer with effect from October 1, 2014, the compensation of Arnaud Poupart-Lafarge was reviewed. Accordingly, in respect of 2014, this compensation corresponds for nine months of the year (January 1 to September 30) to his position as Chief Operating Officer and for three months (October 1 to December 31) to his position as Chief Executive Officer.

The compensation paid to the Chief Executive Officer comprises a fixed portion and a variable portion linked to the Group's short- and medium-term performance. His overall package takes into account the fact that he is a member of a supplementary pension plan and includes the benefits shown in the table below.

Summary of Arnaud Poupart-Lafarge's compensation and benefits

Table corrected as of April 13, 2015

	2014
Compensation due for the year (2)	€964,381
Valuation of multi-annual variable compensation granted during the year (3)	€110,000
Valuation of stock options granted during the year	€0
Valuation of performance shares granted during the year (1)(3)	€398,415
TOTAL	**€1,472,796**

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method.
(2) Including 412,500 euros payable for his salary as Chief Operating Officer prior to October 1, 2014 and 175,000 euros in his capacity as Chief Executive Officer from October 1, 2014.
(3) Granted as Chief Operating Officer prior to October 1, 2014.

Breakdown of Arnaud Poupart-Lafarge's compensation and benefits

	2014	
	Amounts due for 2014	Amounts paid in 2014
Fixed compensation	€587,500 (2)	€587,500 (2)
Variable compensation	€372,681	€417,907
Exceptional compensation	-	-
Directors' fees	-	-
Benefits-in-kind (1)	€4,200	€4,200
TOTAL	**€964,381**	**€1,009,607**

(1) Company car
(2) Including 412,500 euros for his salary as Chief Operating Officer prior to October 1, 2014 and 175,000 euros in his capacity as Chief Executive Officer from October 1, 2014.

7.6.1 Fixed compensation of the Chief Executive Officer

The Chief Executive Officer's compensation package is determined taking into account the level and complexity of his responsibilities, his experience in the position and market practices for comparable groups and companies. At its meeting on July 24, 2014, the Board approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and set the annual fixed compensation of the Chief Executive Officer for 2014 at a gross amount of 700,000 euros, payable on a proportionate basis as from October 1.

As the Chief Executive Officer's fixed compensation for 2015 was set at the Board meeting on July 24, 2014 and published on the Group's website, the Board of Directors – at its meeting on March 17, 2015 – maintained the same fixed compensation of 700,000 euros and the fixed portion of compensation for the Chief Executive Officer for 2015 as recommended by the Appointments, Compensation and Corporate Governance Committee.

7.6.2 Variable compensation of the Chief Executive Officer

In accordance with the decision of the Board of Directors on July 24, 2014, the amount of Arnaud Poupart-Lafarge's variable compensation as Chief Executive Officer for 2014, paid in 2015, may vary between 0% and 112.5% of the 2014 base compensation and is determined 70% based on the fulfillment of quantitative Group objectives and 30% based on the achievement of specific pre-determined individual objectives.

On March 17, 2015, the Board of Directors voted on the determination of the amount of Arnaud Poupart-Lafarge's variable compensation for 2014 and decided:

- as regards the quantitative portion of the variable compensation, under strict application of the level of achievement of the objectives set for 2014 (40% operating margin, 40% ROCE and 20% free cash flow),
  - The achievement rate for operating margin is 38.7% of the maximum, and this indicator improved 11% compared with 2013 at constant exchange rates.
  - The achievement rate for ROCE of 46.8% of the maximum shows an increase in this indicator compared with 2013.
  - The achievement rate for free cash flow is 100% of the maximum, representing a total of 160.7 million euros.

Based on these figures, the Board of Directors noted that the quantitative portion came to 251,068 euros (with a maximum potential amount of 462,656 euros, or 54% of the maximum amount).

- as regards the portion related to individual objectives, they are specific and pre-determined and their achievement was assessed for the period from January 1, 2014 to December 31, 2014. After assessing the extent to which they were achieved, the Board of Directors set the amount of the variable portion at 121,613 euros (with a maximum potential amount of 198,281 euros, or 61% of the maximum amount). These objectives involved implementing short- and medium-term initiatives related to the transformation of the organizational structures, carrying out strategic initiatives and improving the Group's competitive edge.

The total amount of the variable compensation paid to Arnaud Poupart-Lafarge as determined by the Board for 2014 was thus 372,681 euros, or 56% of the maximum amount.

For 2015, the targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation will represent 100% of his fixed annual compensation and will be determined 70% based on the fulfillment of quantitative objectives and 30% based on the achievement of specific pre-determined individual objectives that are not disclosed because of confidentiality. Arnaud Poupart-Lafarge's variable compensation for 2015 paid in 2016 may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation.

The Board of Directors also decided to maintain the financial objectives for the quantitative portion and their relative weighting as follows: (1) operating margin: 40%, (2) ROCE: 40% and (3) free cash flow: 20%

Furthermore, if the minimum level for the operating margin objective is not reached, no quantitative portion of the variable compensation will be paid for 2015.

7.6.3 Stock options and performance shares granted to Arnaud Poupart-Lafarge

Stock options granted during the year to the Chief Executive Officer

In accordance with the Group's long-term compensation policy, the Chief Executive Officer did not receive any stock options in 2014. Since 2012 the company no longer grants stock options to purchase shares.

Performance shares granted to Arnaud Poupart-Lafarge in his capacity as Chief Operating Officer

	Plan no. 13 – July 24, 2014
Number of shares granted	Between 0 and 24,500
Value of shares based on the method used in the consolidated financial statements [1]	€€398,415
Portion of total shares under the plan granted to the Chief Operating Officer	7.85%
% capital represented by shares granted	0.06%
Vesting date	07/24/2017
End of lock-up period	07/24/2019
Performance conditions	Yes (see below)

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method

In accordance with the Group's long-term compensation policy and the decision of the Annual Shareholders' Meeting of May 15, 2014, on July 24, 2014 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. 13). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan the Board granted the Arnaud Poupart-Lafarge between 0 and 24,500 performance shares in his capacity as Chief Operating Officer (i.e. prior to October 1, 2014). The vesting of these shares 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.

(2) A financial performance condition, which also applies to 50% of the shares granted and is based on the achievement rate at end-2016 of objectives based on two long-term indicators: operating margin on sales at constant metal prices and ROCE.

Out of the performance shares granted to Arnaud Poupart-Lafarge, the number of shares that will actually vest at the end of the vesting period on July 24, 2017 may range between a minimum of 0 and a maximum of 24,500 (calculated based on achievement scales – see section 7.7 below).

None of the performance shares granted to Arnaud Poupart-Lafarge reached the end of their lock-up period in 2014.

See section 7.7 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. 13).

7.6.4 Other compensation payable to Arnaud Poupart-Lafarge in his capacity as Chief Operating Officer

In his capacity as Chief Operating Officer (i.e. prior to October 1, 2014), Arnaud Poupart-Lafarge was entitled to a long-term bonus whose target amount was set at 20% of his fixed annual salary as at July 1, 2014, i.e. 110,000 euros. The payment of this bonus – which is due in February 2017 – is subject to (i) Mr. Poupart-Lafarge still being a member of the Group and (ii) the level of attainment at end-2016 of the objectives set for the two financial indicators in Long-Term Compensation Plan no. 13.

See section 7.7 below ("Stock options and performance shares") for further details on the performance conditions applicable under Long-Term Compensation Plan no. 13.

7.6.5 Commitments given to the Chief Executive Officer

First appointed as Chief Executive Officer: October 1, 2014

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 Code, Arnaud Poupart-Lafarge's employment contract was terminated when he was appointed Chief Executive Officer of the Company on October 1, 2014.

Termination payments

As Chief Executive Officer, Arnaud Poupart-Lafarge has received commitments from the Company concerning termination payments. They were authorized at the Board Meeting of July 24, 2014 and will be submitted for approval at the next Annual Shareholders' Meeting.

In accordance with paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 23.2.5 of the AFEP-MEDEF Code, Arnaud Poupart-Lafarge's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

Termination indemnity

Arnaud Poupart-Lafarge receives, as Chief Executive Director, effective on October 1,2014, a termination indemnity. The payment of this indemnity may only be made in case of a forced departure related to a change in control or strategy (which latest condition shall be deemed satisfied unless otherwise decided by the Board such as in the case of serious misconduct), before the Board establishes that there has been compliance with the performance conditions.

The indemnity will be equal to two years' worth of Arnaud Poupart-Lafarge's total compensation (fixed and variable), i.e., 24 times his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

The payment of the indemnity will be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Arnaud Poupart-Lafarge's forced departure. This condition will be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure;

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition will be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure is at least 50%;

(3) A financial performance condition based on free cash flow, which will be deemed to be met if free cash flow is positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the average change in working capital for the year concerned and the previous year.

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e. either one or two years). If his forced departure takes place before the end of one full year, conditions (2) and (3) will be deemed to have been met. In both of the above two cases, the period used for measuring the attainment of the share performance condition will be the period between the date he took up his position and the date of his departure.

The amount of the termination indemnity will be determined as follows: (i) 100% of the indemnity will be due if at least two of the three conditions are met, (ii) 50% of the indemnity will be due if one of the three conditions is met, and (iii) no indemnity will be due if none of the conditions are met.

The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable conditions.

The amount payable in respect of the termination indemnity will be paid in one lump sum no longer than one month following the Board of Directors' assessment of the performance conditions.

In compliance with the provisions of the Internal Regulations of the Board of Directors, the termination indemnity may not exceed two years of actual compensation (fixed and variable).

Non-compete indemnity

Arnaud Poupart-Lafarge has undertaken 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 Chief Executive Officer, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond 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.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, in the event of Arnaud Poupart-Lafarge's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplementary pension plan

Arnaud Poupart-Lafarge has been authorized to become a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers, subject to this authorization being approved at the next Annual Shareholders' Meeting.

The regulations for the defined benefit pension plan were adopted in 2004 and amended in 2008 by the Board of Directors and make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company.

This defined benefit pension plan stipulates the payment of a supplemental retirement benefit corresponding to 10% of the reference income (average of the sum of the fixed compensation, variable compensation, and benefits paid during the 3 years preceding his retirement), plus 1.70% of tranche D per year of seniority since 1 January 2001.

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 supplemental retirement is in addition to the mandatory and base supplemental plans and cannot lead to a retirement less than 30% of the reference income, with all mandatory retirement plans taken together; it shall, therefore, supplement the other plans in the amount of at least 30% of the reference income, that is is a lower limit than the limit of 45% provided by the AFEP-MEDEF Code ; the amount of the complement alone may not exceed 30% of the reference income.

The portion of the commitments made by the Group for retirements with regard to Arnaud Poupart-Lafarge as Chief Operating Officer until September 30, 2014, and then as Chief Executive Officer beginning on October 1, 2014, was 890,296 euros as of December 31, 2014, excluding charges. The social charges and associated taxes paid by the company would amount 569,818 euros.

Welfare plan and unemployment insurance plan

Arnaud Poupart-Lafarge is a member of the welfare plan (covering death and disability benefits and medical expenses) set up for the Company's employees. He is also the beneficiary of an unemployment insurance plan, effective beginning on October 1, 2014, with an insurance agency, guaranteeing him, in case of an involuntary loss of professional activity, daily indemnities in the amount of 55% of 1/365th of tranches A, B, and C of his professional income for the fiscal year preceding his departure, for a period of twelve months after the loss of employment.
The annual amount of the payments for the Company is 11,982 euros.

7.7 Stock options and performance shares

The Group's long-term compensation policy

The Group’s long term compensation policy is part of a global strategy for retention and motivation of its employees under competitive market practices. The long-term remuneration policy of the Group is adjusted according to the population concerned.

- The Chief Executive Officer receives 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 is determined taking into account all of the components of his compensation package;
- The Group's key executives receive performance shares and medium-term conditional compensation;
- A wider group of executives will be awarded medium-term conditional compensation.

All these long term remunerations are subject to achieving the same performance conditions indexed to indicators in terms of the Group operating margin ratio on sales at constant metal (ROS) and return on capital employed (ROCE).

See the section below entitled “Perfomances shares and restricted (free) shares” for further details on the performance conditions applicable under long-term compensation Plan n°13.

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. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	05/15/06	05/15/06	05/10/07	04/10/08	05/26/09
Grant date	11/23/06	02/15/07	02/22/08	11/25/08	03/09/10
Number of options granted*	398,317	32,147	354,841	358,633	389,026
To the Chairman and CEO*	139,872	-	75,764	52,452	48,723
To the ten employees receiving the most options*	193,490	32,147	90,334	87,653	101,407
Total number of beneficiaries	29	5	180	216	240
Start date of exercise period	11/23/07	02/15/09	02/22/09	11/25/09	03/09/11
Expiration date	11/22/14	02/14/15	02/21/16	11/24/16	03/08/18
Exercise price*	€€65.28	€€86.60	€€61.11	€€37.29	€€46.30
Exercise conditions	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, 2014*	-		-	18,270	2,289
Number of options canceled*	398,317	14,663	30,210	34,648	32,661
Options outstanding at Dec. 31, 2014*	-	17,484	324,631	305,715	354,076

*After adjustments made following a rights issue carried out on November 8, 2013.

Shares subscribed in 2014 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Exercise price
Plan no. 8 – November 25, 2008	1,108	€37.29

Performance shares and restricted (free) shares

Summary of performance share and restricted (free) share grants

	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Date of Shareholders' Meeting	05/31/11	05/15/12	05/14/13	05/15/14
Grant date	11/15/11	11/20/12	07/24/13	07/24/14
Number of performance shares granted (based on target performance)*	115,558	124,008	N/A	N/A
Number of performance shares granted (based on maximum performance)*	171,298	183,099	301,473	296,940
To the Chairman and CEO (based on maximum performance)*	19,816	19,816	58,280	50,000
To the ten employees receiving the most performance shares*	35,784	38,232	167,846	162,800
Number of free shares granted*	15,679	17,470	17,534	15,000
Vesting date (French tax residents)	11/15/14	11/20/15	07/24/16	07/24/17
End of lock-up period (French tax residents)	11/15/16	11/20/17	07/24/18	07/24/19
Total number of beneficiaries	256	247	173	172
Number of shares vested	7,184	-	-	-
Number of shares canceled	115,967	5,933	7,696	2,900

*After adjustments made following a rights issue carried out on November 8, 2013.

On November 19, 2014, the Board of Directors noted that the performance conditions for plan no. 10 of November 15, 2011 had not been achieved as at November 15, 2014, and as a result, that no shares definitively vested under this plan.

The performance conditions applicable for the performance shares granted under Plan no. 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 conditions applicable for the performance shares granted under Plan no. 12 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition 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 ROCE.

The performance shares granted under Plan no. 13 dated July 24, 2014 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 the change in the Company's opening share price over a period of three years (as from the grant date) 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:

Performance achieved by Nexans compared with the benchmark panel	% of shares vested based on this condition
> 90th percentile	100%
> 80th percentile	80%
> 70th percentile	70%
> 60th percentile	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 2016 of objectives based on two long-term indicators: operating margin on sales at constant metal prices and ROCE. Each of these two indicators will have a 50% weighting for the purposes of assessing the achievement of the financial performance condition.

Operating margin on sales at constant metal prices at end-2016	% of shares vested based on this condition
≥ 6.7%	100%
≥ 6.5% and < 6.7%	90%
≥ 6.3% and < 6.5%	80%
≥ 6.0% and < 6.3%	70%
≥ 5.7% and < 6.0%	60%
≥ 5.4% and < 5.7%	50%
< 5.4%	0%

Group ROCE at end-2016	% of shares vested based on ROCE objectives
≥ 10.2%	100%
≥ 10% and < 10.2%	90%
≥ 9.8% and < 10%	80%
≥ 9.6% and < 9.8%	70%
≥ 9.4% and < 9.6%	60%
≥ 9.2% and < 9.4%	50%
< 9.2%	0%

The dilutive impact of the performance shares and free shares granted under Long-Term Compensation Plan no. 13 was approximately 0.71% at end 2014.

Characteristics of stock options and performance shares granted to executive directors

Since the Group adopted the AFEP-MEDEF 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.

Frequency	Annual allocation, except by duly justified decision and exceptional circumstances
Performance conditions	Performance shares granted to executive directors will only vest if the Appointments, Compensation and Corporate Governance Committee notes that the performance conditions set by the Board at the grant date have been met.
Custody obligation	Executive directors are required to hold, in registered form and for as long as they remain in office, one quarter of the performance shares that they acquire at the end of the vesting period. This requirement applies unless the Board of Directors decides otherwise in view of the executive director's situation and particularly taking into account the objective of holding an increasing number of shares acquired under such plans.
Purchase obligation	At the end of the applicable lock-up period, executive directors are required to purchase a number of shares equivalent to 5% of the performance shares acquired at the end of the vesting period.
Prohibition of hedging instruments	The performance shares allocated to the Chief Executive Officer may not be hedged during the vesting period and, for the beneficiaries who are French residents on the allocation date, until the end of the retention period.
Recommended « black out » periods	Group procedure on insider trading.

8. INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL

8.1 Share capital

Share capital at December 31, 2014

At December 31, 2014, the Company's share capital was 42,051,437 euros, divided into 42,051,437 shares with a par value of one (1) euro each. This amount includes the impact of 1,108 stock options exercised between January 1 and December 31, 2014, and 7,184 new shares resulting from the expiry of the term of the vesting period of free share granted under plan No. 10 of 15 November 2011. 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	Nominal amount of the transaction	Total amount of share capital *(in euros)* and number of shares
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
May 31, 2014	Capital increase following the exercise of stock options	175	€175	42,043,320
June 30, 2014	Capital increase following the exercise of stock options	933	€933	42,044,253
November 19, 2014	Capital increase following the vesting of free shares	7,184	€7,184	42,051,437

Potential share capital at December 31, 2014

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. Bondholders also had an early redemption option exercisable on January 1, 2015, which was taken up by three bondholders for a total of 388 bonds. 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, 2014, all of the 4% 2016 OCEANE bonds were still outstanding and at January 1, 2015, 3,999,612 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, 2014, 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, since November 8, 2013, one 2.5% 2019 OCEANE bond has been convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(3) 1,001,906 outstanding stock options granted by the Company, representing approximately 2.38% of the Company's capital and exercisable for one share each.

(4) 57,273 free shares (with no performance conditions attached) granted to certain employees, representing approximately 0.14% of the Company's share capital at December 31, 2014.

(5) 706,709 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers, representing approximately 1.68% of the Company's share capital at December 31, 2014.

Except for the above-mentioned instruments, at December 31, 2014 there were no securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

At December 31, 2014, 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 125% of the Company's capital.

On January 21, 2015, Nexans carried out an employee share issue under which 499,862 new shares were issued to Group employees.
See section 4 of this Annual Report ("Significant events after the reporting period") for further information.

See also section 7.7 of this Annual 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, 2014 were:
- the Quiñenco group (Chile), which held approximately 29% of the Company's capital through its subsidiary Invexans;
- Manning & Napier Advisors (United States), which held approximately 8% of the capital;
- Bpifrance Participations (France), which held 8% of the capital;
- Financière de l'Echiquier (France), which held 5% of the capital.

Legal threshold disclosures filed in 2014

The following threshold disclosures were filed with the AMF in 2014:

Date threshold crossed	Date of disclosure	Declarant company or intermediary	Number of shares and voting rights held	% capital	% voting rights	Disclosure event
08/25/2014	08/27/2014	Financière de l'Echiquier	2,108,500	5.01%	5.01%	Upward crossing of share ownership and voting rights threshold
10/27/2014	10/27/2014	Amber Capital UK LLP	2,101,133*	4.99%	4.99%	Downward crossing of share ownership and voting rights threshold

* Based on total share capital made up of 42,044,253 shares, representing the same number of voting rights, in accordance with paragraph 2 of Article 223-11 of the AMF's General Regulations.

8.3 Share buybacks

The Annual Shareholders' Meeting on May 15, 2014 authorized the Company to trade in its own shares subject to terms and conditions set by shareholders at the Meeting. At December 31, 2014 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

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 3.1% at December 31, 2014 and 4.2% at January 21, 2015, further to the employee share issue carried out for the Act 2014 plan. See section 4 of this Annual Report ("Significant events after the reporting period") for further information.

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

In addition to the commitments given to Arnaud Poupart-Lafarge as Chief Executive Officer and Frédéric Vincent as Chairman of the Board of Directors, as described above in the sections concerning their compensation, 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 serious misconduct), to an indemnity representing one or two years of their total gross compensation.

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, 2014, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were around 53 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.

In addition, on March 27, 2011 the Company signed an agreement with its principal shareholder, Invexans (a member of the Quiñenco group). This agreement was amended on November 26, 2012 and terminated on May 22, 2014.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Since 2009, the **CSR[1] Committee** defines the Group's sustainable development and CSR policies and tracks related initiatives. It is chaired by Arnaud Poupart-Lafarge, Chief Executive Officer of the Group.

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

- **Governance and Social Affairs 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 Group has published a CSR and sustainable development brochure which is available in English and French on the Group's website (www.nexans.com/CSR).

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 is in compliance with the fundamental conventions of the International Labour Organization The Code 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. It forms part of the Corporate Social Responsibility program, the reinforcement of which led the Board of Directors to adhere 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 HR, environmental and societal data disclosed in this report is 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.

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.

The continuous performance improvement program for production sites is steered by the Environment and Products CSR Committee.

(1) CSR: Corporate Social Responsibility.

Environmental evaluation and certification

In line with ISO 14001 (68% of the Group's sites are ISO 14001-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 2014, the HSE Department audited 21 sites, of which 11 were awarded the Group's internal HPE certificate or reapproved for HPE certification. 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[2] on site; and (vi) operate a waste sorting policy and an environmental crisis management plan.
At end-2014 the majority of the Group's sites had been awarded the HPE certificate and most of its production sites were at least either ISO-14001 or HPE-certified.

Providing training and information to employees on environmental protection

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 2014 the Group continued to roll out its training program for production site managers. The program comprises some 30 modules (12 days' training), including one on environmental management, one on CSR, and one on relations with stakeholders.

In all, 79 site managers have received training since the program was launched. In 2014, two new different training groups were created for 27 site managers.

The Group also offers its employees training in other specific areas, such as REACh[3].

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

Crisis management: 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.

Asbestos: The Group's environmental policy provides for continuous monitoring of asbestos at its operational sites. Fifty-five of the 59 sites concerned 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 2014, environmental-related expenditure amounted to 4.4 million euros (versus 4.2 million euros in 2013) 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 external environmental services. The Group continued to invest in environmental initiatives within its plants through awareness and the rollout of its environmental program launched the previous years. A total of 5.5 million euros worth of environment-related investments were approved for 2014 (versus 2.4 million euros in 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" above.

(1) HSE: Health, Safety and Environment.
(2) PCBs: Polychlorinated biphenylss.
(3) REACh: 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 34 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 2014, 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 2014, most 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 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.

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 2014, the proportion of production waste per tonne of cable produced was 5%;
- 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

(1) HFFR: Halogen-Free Flame Retardant.

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 2014, it sent 10,593 tonnes of cable waste from its manufacturing sites to Recycable for recycling (8,836 tonnes of copper cable and 1,757 tonnes of aluminum cable), 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, including those used for transport and handling, can also emit noise 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 Group's 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 76 sites that use water for cooling, 65 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 3.64 cu.m (versus 4.5 cu.m in 2013).
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.
Certain sites, particularly in Brazil, may be subject to operating risks due to potential disruptions in water and electricity supply. (See 6.2.8. Industrial and environmental risks).

Utilization of raw materials

The Group's manufacturing companies are taking measures to increase the portion of recycled copper used in their cables. In 2014, 11,333 tonnes of high-quality copper waste were used in the Group's continuous casting operations in Montreal, Canada.

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 250,000 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.

Over 60% of the Group's environmental-related investments in 2014 focused on making our equipment and production lines more energy efficient.
For example, in 2014 we invested over 2 million euros in our Monchengladbach site in Germany following an audit conducted to identify heating systems that consume the most energy.

While the Group does not have a specific approach to promote the use of renewable energy, certain countries have access to renewable energy through the energy mix provided in the counties where they operate.

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 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.

Every year the Group's property insurer visits our production sites to assess our risks, including risks inherent to risks related to the climate change (See section 6.4. Insurance – Property damage and business interruption).

9.1.4 Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. Nevertheless, certain sites have put in place biodiversity conservation initiatives. For example, our Karmoy site in Norway is involved in a project to move a very large breeding area for sea gulls that is located near the plant to protect them from interaction with humans.
Similarly, the Group has developed innovative products that help minimize the visual impact of overhead power lines on the environment. Statnett, Norway's state-owned power link network operator, started using Nexans' colored conductors for part of its network. These new conductors have a special grey/green coating that allows them to blend into the pine-forest landscape of the most environmentally sensitive areas along the line.

9.1.5 Data compilation methodology for environmental indicators

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.

If an error is brought to the attention of the person in charge of the Group's reporting process, only he or she can make the necessary changes.

If an indicator has already been officially published (annual report), it will not be amended after the fact in subsequent publications (comparison table). However, a footnote will be added for the indicator showing the size of the error and why the error occurred.

Scope: The scope of consolidation for the environmental data covers all of the Group's manufacturing sites (92 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Sites acquired in year N are included in the scope of environmental reporting in year N+1. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant. It is for these reasons that data for the Sidi Abdelhamid (Tunisia), Gelnica (Slovakia), Kaduna (Nigeria), Messadine (Tunisia), Nava (Mexico), Sabinas (Mexico) and Tianjin (China) sites has not been included in the scope of consolidation for environmental data in 2014. 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 60 sites.

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

Definitions of key 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.

9.2 Human resources approach and data

9.2.1 Human resources strategy

The Group's Human Resources (HR) strategy, which is consistent with the Group's business strategy and supports its business transformation, focuses on four main objectives:

- strengthening managerial performance;
- aligning the Group's organizational structures;
- improving the Group's competitive edge; and
- developing talent.

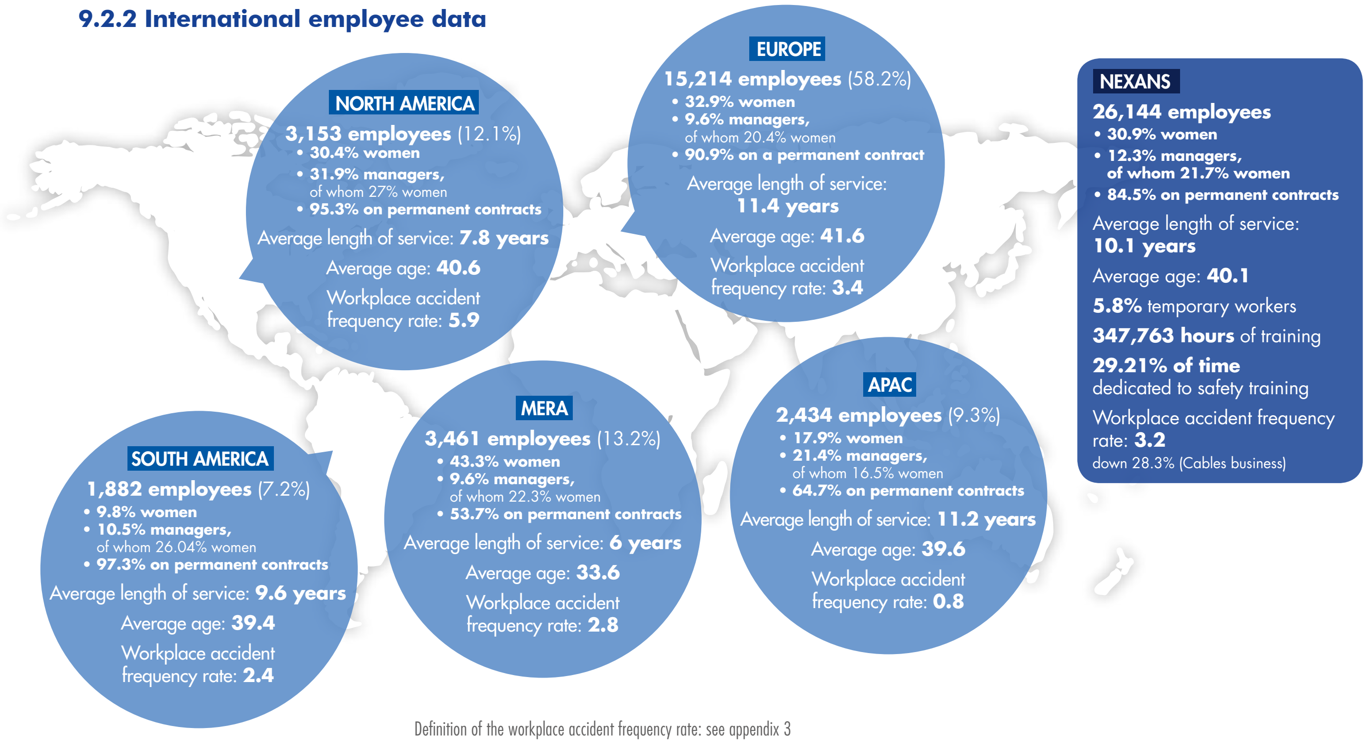
In order to achieve these objectives the following actions were carried out in 2014:

- we continued to roll out a Group-wide performance management process for all managers that systematically includes an assessment of managerial skills, based on Nexans' values, and is supported by the implementation of a Group-wide HR information system,
- a program involving assessment centers and 360°feedback was carried out for some managers and key functions, with the aim of proposing individual career development initiatives,
- an opinion survey was conducted in 51 countries involving 3,759 employees. With a 74% response rate, this survey makes it possible to lay the foundations for future international and local action plans,
- the Success Plan and Individual Development (SPID) process to identify talent and establish succession plans was carried out for all the Group's managers, making it possible to establish career paths and anticipate the future needs of the Group's organizational structures,
- the organizational structure of several corporate functions (e.g., IT and Finance) became more vertical in order to improve their efficiency and help make the Group more competitive,
- the programs to identify and develop functional skills (competency models) were pursued and enhanced (e.g., Finance and Human Resources); and
- support was provided for all the different restructuring plans carried out within several Group entities to help them prepare and implement these plans.

Overall, 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 develop their career opportunities; and
- ensure that occupational health and safety remain absolute priorities.

9.2.2 International employee data



Definition of the workplace accident frequency rate: see appendix 3

At December 31, 2014 the Group employed 26,144 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: 87.5% of the Group's employees work outside France;
- a substantial proportion of headcount (12.3%) made up of engineers, specialist technicians and managers;
- the proportion of women within the Group (30.9%); and
- a high proportion of employees on long-term contracts (84.5%) and in full-time employment (97.8%).

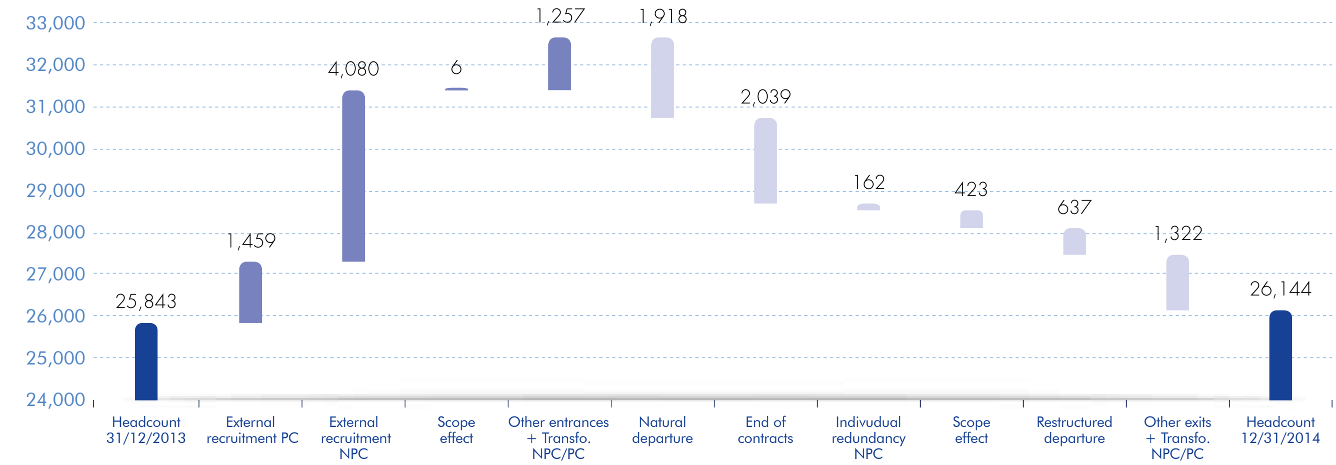
Movements during the year

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, 2014.

Total headcount rose by 1.16% in 2014 to 26,144 from 25,843 one year earlier. Although headcount was stable overall, it varied from one activity to another. In the Harness business, like in 2013, headcount continued to grow steadily particularly in Romania, Slovakia and Tunisia. In the Cables business, the Asia-Pacific and South America Areas were particularly affected by business restructuring, while the MERA Area was affected by the business disposal in Egypt in early 2014.

The number of employees on permanent contracts accounts for 84.5% of the Group's headcount. The breakdown between permanent and fixed-term contracts for new hires during the year varied 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 in 2014, whereas in the Harness business, fixed-term recruitments represented almost 97.8% of total hires owing to this business's seasonal nature. Although the proportion of employees hired on fixed-term contracts was fairly high, over the year 1,220 fixed-term contracts were converted into permanent contracts (with 84.5% 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 (59.7%) and Germany (12%) accounted for the largest proportion of fixed-term contracts in 2014.



The number of departures in 2014 (excluding conversions of fixed-term to permanent contracts) totaled 5,281, which was less than the number of arrivals (5,582). The net 301 increase in total Group headcount reflects a decrease for the Cables business and a rise for the Harness business.
The main reason for employee departures during the year was the expiration of fixed-term contracts (accounting for 2,039 or 38.6% of the total), followed by resignations (1,699 or 32.2%).

The staff turnover rate[(1)] for the Group as a whole remained stable at 15.1% in 2014 compared with 15.3% in 2013.

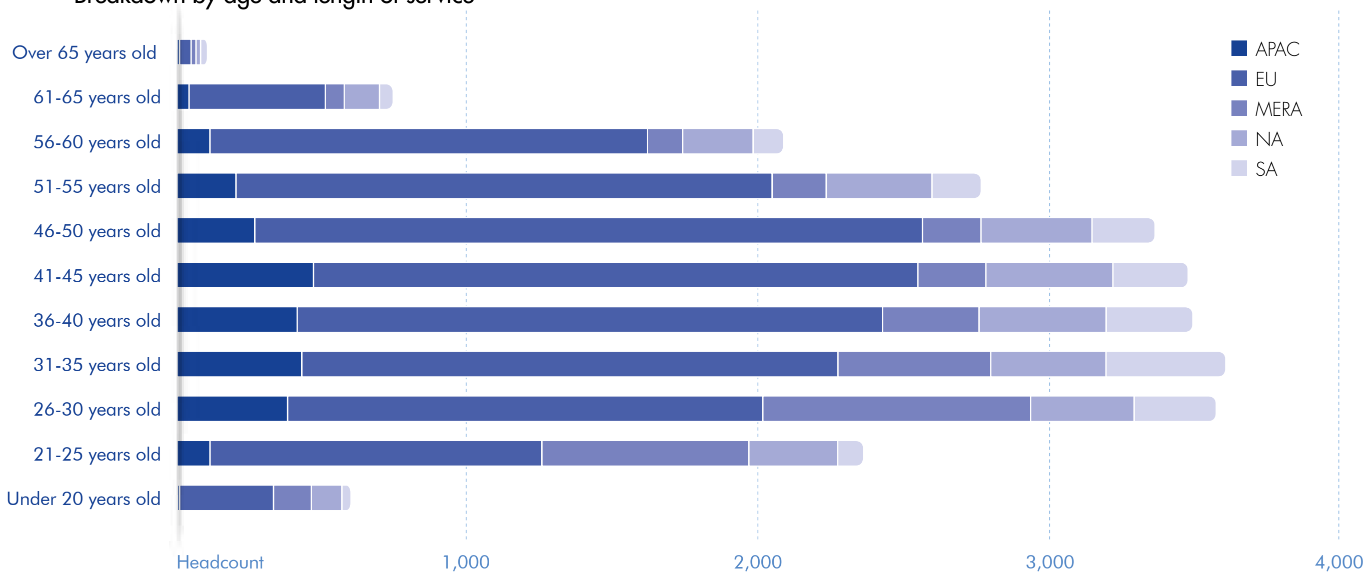
In Brazil, helping young employees change jobs within the Company makes it possible for them to gain more business experience, meet new people within the different entities, and share experience with more senior employees. This is a key factor when it comes to retaining talented young employees.

Employees

- Breakdown by socio-economic category

12.3% of the Group's headcount is made up of managers, of which 21.7% are women. The proportion of female managers within the Group is fairly homogeneous, apart from in the Asia-Pacific area where it is 16.5%.

- Breakdown by age and length of service



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

In 2014 the average age of employees was 40.1, with the breakdown of employees by age bracket reflecting the structure of each market. Europe and North America – the areas that 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 32.9% of the total headcount in Europe and 41.3% in North America, and only 15.2% in the Asia-Pacific region and 17.5% in South America.

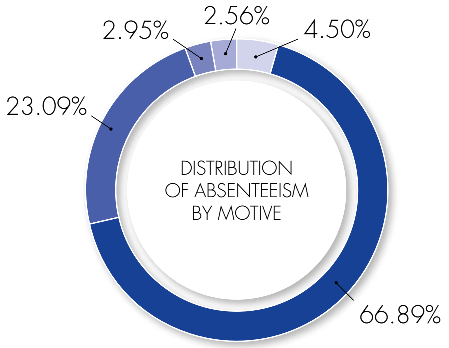
In 2014, 60.1% of the Group's new hires were under 30, with the proportion fairly homogeneous across the Group's geographic areas.

Average length of service for the Group's employees was 10.1 years, unchanged from 2014.

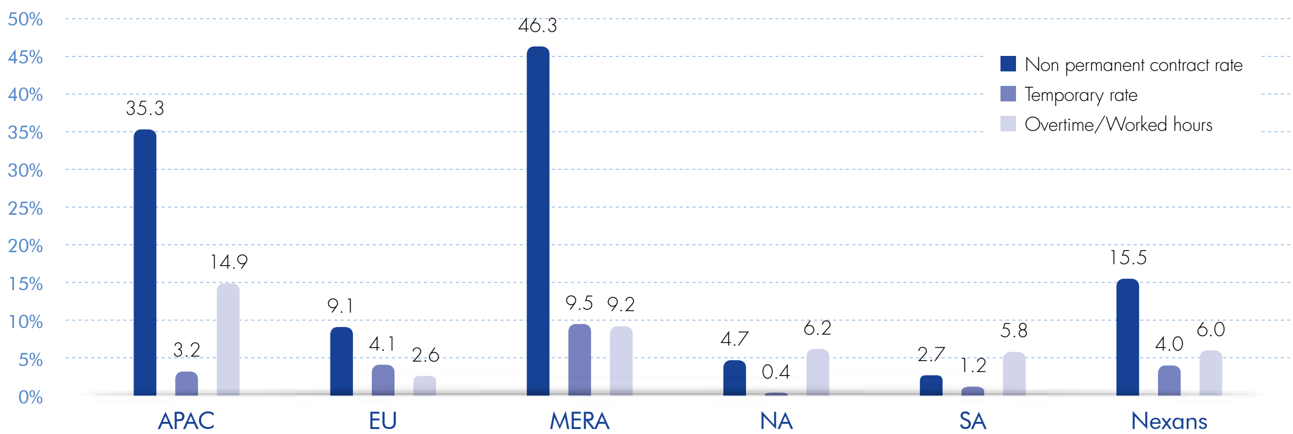
- Working schedules

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 2.22% of total Group headcount in 2013. A total of 88.9% of the Group's part-time workers are based in Europe, with Benelux representing 29.7%, Germany 20% and France 11.1%.

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 2014, the Group's absenteeism rate remained stable overall at 5.1%, with a rate of 4.2% for Cables (down 2.5% on 2013) and 7.1% for the Harness business (down 12.3% on 2013). Illness is the primary cause of absence within the Group.



The stable absenteeism rate was due to the implementation of local initiatives to reduce its impact on the Group's activity. By working with management on the causes of absences, appropriate solutions can be found for replacing employees (e.g., fixed-term or temporary contracts or overtime).



In 2014, employees on fixed-term contracts accounted for 15.5% of the Group's total headcount (34.6% for the Cables business and 65.4% for the Harness business). In the Cables business, temporary workers represented 5.8% of the average number of employees during the year, the same proportion as in 2013. The Harness business does not use temporary workers.

For the Cables business and for the Harness business, overtime was also used in 2014, accounting for 6% of total worked hours compared with 5.5% in 2013.

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 the context of the Group's transformation, the skills of its employees and particularly its managers are very important when it comes to the Group's performance, both in terms of its governance structure and its markets.

This is why the strategic plan for 2014 introduced a special initiative to develop managerial skills. These skills were set out and aligned with Nexans' values. They focus on keys skills: employee leadership, agility, being aligned with the Group's strategic priorities, competitiveness and customer orientation.

The goal of this initiative is to create individual and team development programs to offer managers support throughout the Group's business transformation plan. We enhanced the leadership development program for senior managers and their potential successors, based on a new model of leadership "Leading in a Global Nexans," a program that has been in place since 2007 and was updated to take into account today's new context for the Group. A management training program was also developed and put in place for managers at the Group's headquarters.

The new leadership model was an integral part of performance appraisals in 2014, and these skills were used to evaluate all of the Group's managers during their annual reviews. The new leadership model was used to establish 360° feedback, an evaluation rolled out for the Management Committee, certain senior manager and the Group's entire Human Resources function. We also launched a new approach for external assessments using Assessment Centers for the Group's 110 senior managers to gain greater insight into areas for development and to create a benchmark in relation to high-performing industrial companies.

- **Functional skills**

The Group continues to develop for each function a technical competency model that aligns its strategic objectives with its organizational structures and professional development in order to:
- build up the professional skills of employees;
- guarantee that we have the skills and competencies required both for today and the future;
- draw up individual career plans allowing all employees to have the tools they need to steer their careers in their functions.

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

Competency models were set out for the Finance, Human Resources and Technical functions in 2014 and added to the models that are already available.

Career paths

The Group continually seeks to identify and develop talent within the organization. Career paths are developed using balanced evaluations which apply across the Group. These rules – which draw on standard 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-2014, 73 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 2014:
- The majority of the expatriate population have been with the Group for over five years;
- women represent 10% of the Group's expatriates;
- Finance employees represent the highest proportion of expatriates (20% of all international assignments);
- 83.6% 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.

- The SPID (Success Plan and Individual Development) is a unique process that makes it possible to identify talent, manage talent and develop succession plans. This process was reviewed and rolled out in 2014 throughout all the countries where the Group operates. All key managers are involved in the process.

Operating managers have a managerial responsibility to ensure that they have all the skills they need to fulfill their duties and prepare the future for their own area and for the Group. The goal is for all talent to be managed and developed so that our people can reach their performance objectives and prepare the future for the Group.

The SPID made it possible to offer all key managers an internal perspective through the evaluation carried out by their direct superior, a talent map by function with their career development action plans.
It also provided an external perspective through the assessment centers organized by external consultants, offering greater visibility for all positions and providing external criteria for comparison for the evaluations of the target group.

Finally, the SPID gave a cross-business perspective of each function with the 360° peer evaluations, in order to offer more pertinent individual career plans, have the right resources available, and prepare and enhance the succession plans.

- We created an expert career path in 2014 to identify the technical experts in the Group's key areas of expertise. This program is designed to ensure that experts are recognized as they should be with the Group, offer a career path that is adapted to these experts, retain them and develop these areas of expertise.

> The TESLA program focuses on recognizing technical experts within the Group.
>
> This initiative makes it possible to leverage know-how in research and the development of innovative products and solutions, and to meet the technical challenges that the Group must face by making its key areas of expertise and technical knowledge sustainable.
>
> This program is designed to offer all identified experts a career plan that is in line with their function.

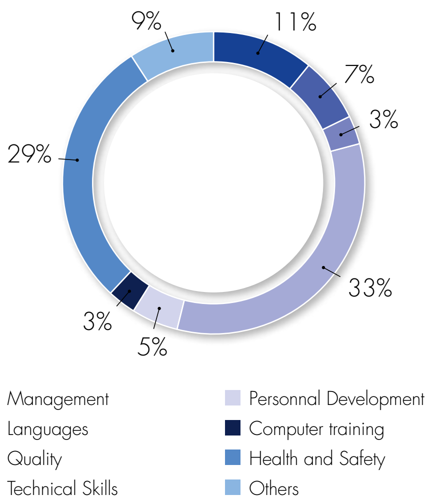
Training policy

Training is primordial for everyone's growth. Each year, we invest in training at both local and Group level in order to ensure that we are prepared for market changes in the short, medium and long term. Training is offered to all employees and is the main way to build 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 training policy is managed locally to meet operational needs and it focuses on three main areas at Group level:
- 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.

In 2014, the total number of hours devoted to training (in the workplace or outside the company) amounted to 347,763, of which the Cables business accounted for 92.6%. A total of 12,646 employees (48.8% of the Group's average headcount in 2014) followed one or more training courses during the year, representing 27.5 hours' training per employee per year. Managers represented 20.6% of the total training numbers.



As in 2013, the theme-based breakdown of training time in the pie chart for 2013 highlights the predominance of courses concerning workplace health and safety. In 2014 the Group also continued to step up its training courses on competency models and leadership programs.

> In Morocco, every year Nexans offers some 50 managers of all ages a career development program that uses a training program for 3 teams. The training program, which focuses on improving behavioral and managerial skills, is a core part of the approach for ongoing development.
>
> The Group's operations in Morocco also demonstrated their commitment to encouraging trained employees to communicate and share their ideas on areas for improvement. The training program makes it possible for the 3 teams to meet on a regular basis every year, and facilitates relations between newly hired employees and long-standing employees. These exchanges help maintain and transfer knowledge, in a local context where older employees are not required to leave at the legal retirement age.

Through Nexans University, the Group provides support to its people during business transformation programs, promotes knowledge management and helps disseminate best practices.

Nexans University makes it possible to optimize the cost and quality of training and maintain a high level of educational expertise throughout the Group.

Nexans University supports the Group Academies by designing 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 deploying training using a cascade model with a view to rapidly passing on knowledge to a large number of employees.

In order to strengthen cooperation, synergy and a cross-business approach with the Group's entities, in 2014 Nexans University focused on training sessions such as Process Design, Change Management and Project Management. Seeking to optimize costs, Nexans University rolled out these training sessions using two innovative methods: the cascade model and the virtual classroom.

Project Management rolled out using the cascade model

Over the course of a year, Nexans University trained 24 internal trainers, who in turn trained 450 employees during 80 sessions provided in 10 languages all over the world. The goal is to support the work of the Transformation Program Office by strengthening the project expertise of all stakeholders.

Change Management rolled out using the virtual classroom model

After training more than 200 managers in Europe, Nexans University decided to export this skill base and cut down on travel costs. The 2 days of face-to-face classes became 4 half-days of distance learning. Thus, by adapting the lesson plan to the technological constraints, we were able to train 5 teams simultaneously on 5 different sites. For example, 3 Turkish teams were able to work and interact with a Chinese team and a French team.

Finding the best ways to share skills, harmonize working methods and improve cooperation among business units was Nexans University's biggest concern in 2014. This work will make it possible to strengthen development support for employees in 2015.

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 raises 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.

In 2014, Nexans put in place a standard Group-wide approach for establishing pay raise projections for each of the countries where the Group operates based on local trends in terms of in wage and inflation changes, in order to strengthen its budget process and prepare for annual salary negotiations.

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. Consequently it is now based on the following:

- For senior managers – a mix of performance shares and long-term bonuses, the vesting/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 to the Group, 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.

In line with earlier programs, the Group launched its its sixth employee share ownership plan, Act 2014, at end-2014

Act 2014

Since 2002, Nexans has continued to develop its share ownership policy, by regularly offering the Group's employees the opportunity to buy new shares. In November 2014, Nexans launched its sixth share ownership plan, Act 2014, open to over 17,000 Group employees in 23 countries. Following on from the Act 2010 and Act 2012 plans, the offer is based on a guarantee for employees' individual investments and a multiple based on any increase in Nexans' share price over the next five years. New shares are scheduled to be issued on January 21, 2015. However, the provisional results at the end of the reservation period show that all the shares offered within the plan have been subscribed to, which based on the leverage effect, will give rise to the issuance of 499,862 new shares with a subscription rate above 14%. For more information on Act 2014, see section 4 on the significant events after the reporting period.

At December 31, 2014, and before taking into account the results of Act 2014, employees share ownership accounted for 3.1% of share capital. After the Act 2014 transaction was carried out, employees share ownership accounted for 4.2% of share social as of January 31, 2015.

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 health and safety standards and implements related initiatives across the Group.

In 2014, the Group created an annual day dedicated to safety for all of the its operations.

On June 17, 2014, for the first time ever, Nexans organized a **Group Safety Day** simultaneously at 170 sites worldwide.

Throughout the day, over 25,000 employees took part in a variety of activities focusing on workplace health and safety.

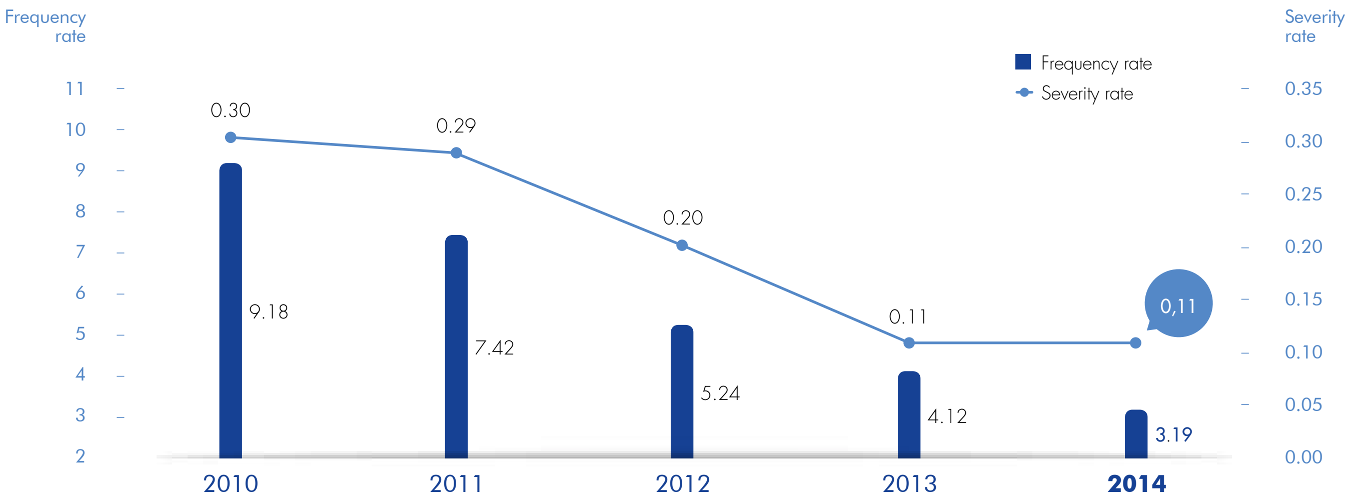
Each site established a Safety Day Challenge, using on a shared format, to set a goal for 2014 and the initiatives to be taken to reach this goal.

The day also provided an opportunity to remind each entity how important safety is and to share existing best practices through a specially created Group-wide forum that brings together all sites worldwide.

Several entities decided to devote an entire day to on-site working groups, with all employees, and managers, focusing on topics such as analyzing risks, understanding working conditions in the field, using work equipment, environmentally friendly driving technique, workstation ergonomics and first aid.

The Group's ongoing safety efforts in 2014 in all of its geographic areas enabled it to achieve a work accident frequency rate of 3.19 at the year end, representing a reduction of close to 22.5% overall compared with 2013 and a sharp 25% decrease in the number of accidents involving lost workdays. A total of 35 sites did not record any occupational accidents involving lost working time in excess of 24 hours.

The number of lost workdays due to occupational accidents stood at 5,322 in 2014.
The Group's severity rate was 0.11. The stability of this rate compared with 2013 testifies to the Group's vigilance towards workplace health and safety.



The Group plans to continue its work on workplace health and safety in 2015. Another day will be devoted to safety on June 16, 2015.
Entities identify and monitor possible occupational illnesses according to their local legislation. Currently these figures are not consolidated at the Group level.

Given our activity, the following may be identified as occupational illnesses: musculoskeletal disorders, hearing problems and exposure of employees to chemical risks.

Some sites have started offering special awareness training sessions as well as regular check-ups for staff to monitor for musculoskeletal, cardiovascular and psychosocial issues. They have also been able to take steps to improve the ergonomics of workstations and thus prevent possible issues. Also some sites have invested in special equipment for the detection of substances that may be hazardous when handled.

Information on asbestos is provided in section 6.2.10 “Asbestos”.

A broad-based approach

During 2014, 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. All old and new standards have been harmonized and simplified using a single, concise format to make it easier for the plants to implement standards and better assess the level of compliance. In 2014, 23 safety standards were approved involving technical aspects, methodology and behavior (cable caddy safety, workstation analysis, reporting accidents, etc.), and action plans to improve safety conditions have already made it possible to identify in plants 8 other standards, which are currently being drafted and will help to enhance the overall 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 (SUSA): 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. In 2014, this system was improved to be able to automatically generate flash reports and 8D Reports for each incident thus improving communication on incidents within the Group's entities.

- 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.

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 dialogue. This demonstrates the Group's ongoing commitment to building high-quality social dialogue and creating the right conditions for long-lasting and constructive working relations with all of its 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 2014, the Group's subsidiaries entered into nearly 30 agreements with employee representative bodies, corresponding to some sixty topics addressed in some 15 countries in all regions of the world. The main agreements signed during the year 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, psychosocial risks, strenuous working conditions, non-discrimination, gender equality, 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.

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 comprising 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 2014, NEWCO's ordinary plenary meetings took place on April 16 and November 6. 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 as well as a follow-up on the information and consultation procedure for the reorganization of Nexans' activities in Europe carried out in 2013.

- Nexans France Works Council

Set up on April 8, 2002 in accordance with a collective agreement, 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 2014, this Works Council's plenary meetings took place on May 21 and November 18.

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.

In particular, 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 Internal HR barometer – employee survey

In 2014, Nexans put in place an HR barometer initiative using an internal opinion poll to be carried out worldwide every two years. The survey will allow the Group to assess how its employees view topics related to their work life (management, organizational structure and operating efficiency, training and personnel development, etc.). This study serves as a precious tool to guide operational managers and helps provide the Group with effective analysis.

For this study, Nexans will ensure that responses remain anonymous, that the results are provided to all the Group's teams and that action plans are implemented by its entities based on the results.

The response rate demonstrates how committed employees are to the initiative. Nearly 74% of the employees who received the survey between May 26 and June 13, 2014 responded. They gave their opinions in 5 languages in some 50 countries.

The results of the 2014 survey are provided to all employees concerned, and each of the Group's entities studies and analyzes its own results in order to (i) highlight a number of drivers for employee engagement, and then (ii) identify and implement action plans.

Within the scope of this progress-oriented initiative put in place by the Group, Nexans' next survey scheduled for 2016 will make it possible to assess the headway made since 2014.

9.2.8 Data compilation methodology for HR indicators

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 via 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 is analyzed jointly with the Industrial Management Department. Headcount data is reconciled with the figures reported in the Finance Department's system and discussions may take place between the head office and the entities concerned in relation to other data.

- Qualitative human resources data is compiled both quarterly – via the internal system – and annually, through a questionnaire sent to each of the Group's countries. Discussions may take place on the information provided in this questionnaire in order to obtain further details and to fine-tune snap-shot 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 2014, Egypt was removed from the scope of consolidation for human resources data being outside the Group since April 2014. Also are not included in the social data reported the following non-significant entities of the Group: Nigeria, Qatar, Ghana, Autoelectric China and The Valley Group (USA).

The Group's reporting process is based on a pre-defined timeline that is reiterated in the guide on 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.

If an error is brought to the attention of the person in charge of the Group's reporting process, only he or she can make the necessary changes.

If an indicator has already been officially published (annual report), it will not be amended after the fact in subsequent publications (comparison table). However, a footnote will be added for the indicator showing the size of the error and why the error occurred.

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 contract have been suspended).
- Absenteeism rate: This indicator is calculated based on the ratio of the number of hours' absence compared with the theoretical number of hours worked. The number of hours' absence includes absences for illness, work accidents or commuting accidents, maternity leave, and 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 calculated 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. Note This data is for Nexans employees and subcontractors.
- 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**.

9.2.9 Human resources indicators

See **Appendix 3** to this Annual Report.

9.3 Corporate citizenship 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 and 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 non-financial analysts. This policy is underpinned by a rigorous and proactive ethical and CSR approach.

The framework for stakeholder dialogue

The Group seeks to promote corporate social 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.

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

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.). • Information meetings • Registration document • Quarterly shareholder newsletters • Shareholders' e-club and toll-free shareholder hotline	Finance, Communications, Legal, Site Management
Suppliers	• CSR Charter(2) • Supplier CSR risk map	Purchasing
Employees	• Intranet • NewsWire, electronic newsletter • Surveys • Corporate values • Safety day • 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.
(2) CSR: Corporate Social Responsibility.

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 2014:

- 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 of and interest in local manufacturing 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 has awarded 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 and China. Sweden supports an online math tutoring service where university students provide free homework help to younger students.

The Nexans Foundation: Solidarity through electrical power

Created in early 2013, the Nexans Foundation aims to help bring electrical power to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions. This commitment follows on from the United Nation's call in 2012 to promote awareness worldwide about energy poverty and the importance of developing access to energy: "Lack of access to clean, affordable and reliable energy hinders human, social and economic development and is a major impediment to achieving the Millennium Development Goals."
Energy does not only provide access to light; it facilitates education, healthcare, women's empowerment and economic development.… These are essential needs that must be met.
Over 1.3 billion people currently have no access to electricity 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. It is estimated that 1 billion people will still not have access to electricity by 2030, and that access to clean cooking facilities will not have improved at all by then.

Supporting 18 organizations and helping over 100,000 people

Since it was created, the Nexans Foundation has launched two calls for projects, in 2013 and 2014. In the area of access to energy 23 project were rolled out or are in the process of being rolled out in 15 countries. Over 100,000 people have been able to benefit from installations that provide access to a clean source of energy: hydraulic, solar, wind, etc.

The Nexans Foundation supports large non-profits that are well known in the area of access to energy such as Electricians Without Borders, GERES and the Fondation Energies pour le Monde for large-scale projects, as well as smaller organizations, high school student, university students, etc. Nexans has provided support to 18 organizations since 2013.

The Nexans Foundation works in all countries and primarily in countries affected by energy poverty. While most of the Foundation's projects are developed in sub-Saharan Africa (in 9 countries), projects also exist in Morocco, Asia (in 4 countries) and France.

The Foundation wants to launch 2 calls for projects in 2015, in order to develop its initiatives in new countries with new organizations. It will call on its network of ambassadors worldwide, as well as Nexans employees to get them move involved in the Foundation's initiatives.

As part of its support for the Palace of Versailles, the Nexans Foundation supported the "18th Century, Birth of Design" exhibition in 2014 that allowed visitors to discover the history of furniture in France during the 18th century through the evolution of styles, in collaboration with the Ecole Boulle school of design.

In 2015, Nexans will continue to support the renovation work on the Palace of Versailles as it has done since 2007. As part of its sponsorship with this public institution, the Group will supply low- and medium-voltage cables needed to maintain and improve security for this world cultural and historical heritage site.

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 71% of the Group's Class A suppliers have already agreed to sign the Charter. In addition, a CSR risk map has 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.

Nexans has little recourse to subcontracting, the great majority of finished products being manufactured in the Group's factories.

(1) www.iea.org

9.3.4 Fair practices

Preventing corruption is a key focus of the Group's Code of Ethics and Business Conduct. 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.

In this context, preventing corruption is an integral part of the Group's compliance program that is rolled out based on an annual action plan.

A special procedure that applies to the entire Group provides a framework for selecting agents, consultants and international distributors by the Group's operating subsidiaries. The procedure, which is applicable worldwide, has been strengthened. It sets out for the Group's operating subsidiaries detailed checks that have to be carried out prior to selecting and renewing an intermediary, and this information must be provided on a shared platform. Within the scope of this procedure, the Group's operating subsidiaries can also call on a qualified service provider to audit the integrity of an intermediary.

The training programs given on the governance of subsidiaries have included presentations designed to raise managers' awareness about anti-corruption measures. This presentation is given to management teams in countries in several different continents (Europe, the Middle East, Africa, Asia and South America). It is also given to the teams of the Group's market lines.

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 health and environmental tests. 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 directive 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 for societal data

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).

APPENDIX 1

Parent company results for the last five years

	2014	2013	2012	2011	2010
I - SHARE CAPITAL AT THE END OF THE FISCAL YEAR (1)					
a) Share capital *(in thousands of euros)*	42,051	42,043	29,394	28,723	28,604
b) Number of shares issued	42,051,437	42,043,145	29,394,042	28,723,080	28,604,391
II- RESULTS OF OPERATIONS *(in thousands of euros)*					
a) Sales before taxes	17,843	17,899	25,970	17,922	12,882
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	(64,817)	32,794	41,291	45,072	38,136
c) Income taxes	(901)	(295)	(777)	(824)	(672)
d) Employee profit-sharing due for the fiscal year	94	89	142	138	121
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	(66,588)	(50,787)	(35,486)	35,422	28,684
f) Dividends	-	-	14,697	31,637	31,581
III- INCOME PER SHARE *(in euros)*					
a) Income after tax and employee profit-sharing but before depreciation, amortization and provisions	(1.54)	0.78	1.43	1.57	1.33
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	(1.58)	(1.21)	(1.21)	1.23	1.00
c) Dividend per share	-		0.50	1.10	1.10
IV- PERSONNEL					
a) Average headcount during the year	8	8	8	7	6
b) Total fiscal year payroll *(in thousands of euros)*	4,514	4,797	5,475	3,605	3,101
c) Total amount paid for employee benefits during the fiscal year *(in thousands of euros)*	1,504	1,599	1,825	1,206	1,023

(1) The number of convertible bonds is set out in section 8.1 of the Management Report.

APPENDIX 2

Summary of authorizations to increase the Company's share capital and their use during fiscal year 2014

<table>
<tr><th>Resolutions approved at the Annual Shareholders' Meetings of May 15, 2014</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 2014</th></tr>
<tr><td>Allocation of performance shares (R14 – 2014 AGM)</td><td>€311,000</td><td rowspan="2">€326 000</td><td rowspan="4">€826 000 or 1.96% of share capital</td><td>Allocation of 311,000[2] performance shares (if 100% performance target reached) decided by the Board of Directors on July 24, 2014</td></tr>
<tr><td>Allocation of free shares (R15 – 2014 AGM)</td><td>€15,000</td><td>Allocation of 15,000[2] free shares (with no performance conditions attached) decided by the Board of Directors on July 24, 2014</td></tr>
<tr><td>Issue of shares or securities carrying rights to shares reserved for participants in employee share ownership plans (R16 – 2014 AGM)</td><td>€400,000</td><td rowspan="2">€500 000</td><td>- (2)</td></tr>
<tr><td>Issue of shares or securities carrying rights to shares reserved for a category of beneficiaries within the scope of employee share ownership plans (R17 – 2014 AGM)</td><td>€100,000</td><td>- (3)</td></tr>
<tr><td colspan="5">Total limit
€826,000</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, 2014.

(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) Use during fiscal 2015: issue on January 21, 2015 of 499,977 new shares for employees participating in share ownership plans.
(3) Use during fiscal 2015: issue on January 21, 2015 of 99,885 new shares for Société Générale.

APPENDIX 3

Environmental and social indicators

Environmental indicators

	2014	2013	2012
Number of sites monitored	92	93	94
CONSUMPTION OF RAW MATERIALS			
Energy purchased (MWh)	1,285,619	1,459,725	1,454,155
o/w electricity (MWh)	772,200	826,949	830,138
o/w fuel oil (MWh)(4)	97,746	94,783	93,406
o/w gas (MWh)	400,181	516,720	513,249
o/w steam (MWh)	15,492	21,273	17,363
Water consumption (m^3)(2)(5)	2,729,212	2,942,549	2,984,044
Solvent purchased (tonnes)(3)	514	497	579
Copper consumption (tonnes)	476,000	477,000	492,000
Aluminum consumption (tonnes)	133,000	139,000	148,000
WASTE AND EMISSIONS			
Waste tonnage (tonnes)	98,712	96,821	104,458
• of which hazardous waste (tonnes)	6,840	6,652	5,776
CO_2 emissions(1) (tonnes CO_2 eq.)	559,553	409,910	442,000
MANAGEMENT			
Number of ISO 14001 certified sites	63	63	62
% of sites with ISO 14001 certification	68%	67%	66%

(1) CO_2 emissions include direct and certain indirect emissions (from electricity and steam consumption, power line losses, use of fossil fuels and waste treatment, as well as fugitive emissions). Reporting scope covering 85 sites, not including the sites at Vrigne aux Bois, Breitenbach, Cossonnay, Tottenham, Ikeja Lagos, Lyon and Trezzano. In order to meet the regulatory requirements imposed by Grenelle II, the Group's administrative services, logistics centers, commercial offices and high-voltage cables laboratory are included within the GHG scope (sites).
(2) Change in reporting methods for 2012: sites using cooling water, of which at least 75% of the machines are equipped with water recycling facilities.
(3) Two significant errors in the 2013 figures.
(4) New boiler in Shanghai and increase in production in Qatar (generator-produced electricity only).
(5) Closing and restructuring of certain of our activities and maintenance and repair program of our water networks.

Social indicators

	2014	2013	2012
NEXANS GROUP			
TOTAL HEADCOUNT	26,144	25,843	25,080
Europe	15,214	14,679	14,752
Asia-Pacific	2,434	2,755	2,022
North America	3,153	3,138	3,100
South America	1,882	2,136	2,262
Middle East, Russia, Africa	3,461	3,135	2,944
CABLES BUSINESS			
HEADCOUNT, CABLES BUSINESS	17,543	18,673	18,306
% female employees	16.02%	15.42%	15.10%
% female managers (out of manager population)	21.00%	20.00%	21.00%
Average age (years)	43.1 years	42.6 years	42.7 years
Average length of service (years)	12.7 years	12.7 years	12.8 years
% temporary employees	5.82%	5.84%	6.90%
Disabled employees[1]	319	322	334
EMPLOYMENT DATA			
Natural departures[6]	-1,631	-1,869	-1,707
Restructurings	-590	-408	-299
New hires	1,573	1,706	1,846
Impact of changes in Group structure	6	1,013	485
Transfers	-102	-59	-4
Employee turnover rate[2]	7.90%	8.80%	8.40%
Overtime rate[3]	6.30%	6.40%	5.70%
Part-time contracts	480	460	452
% fixed-term contracts	8.00%	8.00%	5.70%
Absenteeism rate	4.20%	4.10%	4.67%
HEALTH AND SAFETY			
Workplace accident frequency rate[4]	3.45	4.52	6.4
Number of sites with a zero accident rate	35	29	28
Workplace accident severity rate[5]	0.14	0.15	0.263
TRAINING			
Total number of training hours	322,177	333,214	293,292

	2014	2013	2012
HARNESS BUSINESS			
HEADCOUNT, HARNESS BUSINESS	8,601	7,170	6,774
Europe	5,348	4,769	4,681
North America	1,482	1,341	1,252
Middle East, Russia, Africa	1,771	1,060	841
% female employees	61.00%	61.00%	62.00%
% female managers (out of manager population)	13.30%	38.50%	25.40%
Average age (years)	34 years	34.5 years	34.6 years
Average length of service (years)	4.4 years	4.6 years	3.6 years
EMPLOYMENT DATA			
Natural departures	-2,488	-2,320	-2,331
Restructurings	-47	0	0
New hires	3,966	2,716	2,570
Impact of changes in Group structure	0	0	0
Transfers	0	0	0
HEALTH AND SAFETY			
Workplace accident frequency rate(4)	2.5	3.0	1.78
Workplace accident severity rate(5)	0	0	0
TRAINING			
Total number of training hours	25,586	30,795	31,522

(1) This figure does not take into account countries where this information is not disclosed due to local regulations.
(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 accidents at work)/total number of hours worked x 1,000.
(6) The 2013 figure for natural departures was 1,921 rather than 1,869.

APPENDIX 4

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

This is a free translation into English of the designated independent third party's report issued in French and it 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 2014

To the Shareholders,

In our capacity as Statutory Auditor of NEXANS S.A., appointed as Independent Third Party, accredited by the COFRAC registered under number 3-1049[1], we hereby present to you our report on the social, environmental and societal information (hereinafter the "CSR Information") in the Management Report for the year ended 31 December 2014. 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"), summarized in the management report and available upon request from the Industrial and Logistics Department and the Human Resources Department.

Independence and quality control

Our independence is defined by regulations, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law 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 Management Report 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).

Our work was conducted by a team of five people between October 2014 and February 2015 for duration of about eight weeks. To assist us in conducting our work, we called upon our corporate responsibility experts.

We performed the procedures below in accordance with professional auditing 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 International Standard ISAE 3000 concerning our opinion on the fair presentation of CSR Information.

1. Statement of completeness of CSR Information

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 Management Report 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, within the limitations set out in the note on the methods used presented in parts 9.1.5, 9.2.8 and 9.3.6 of the management report.

Based on these procedures and taking into account the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of our procedures

We conducted two interviews with the three 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:

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

- assess the suitability of Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, taking into account best practices, where appropriate ;
- 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 our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impact of its 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 Management Report, 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[2] 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 reconcile data with supporting documents. The selected sample accounted for 31% of the workforce and between 20% and 34% 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.

Qualifications

The data related to the internal and external employees worked hours' and the number of lost days for work accidents of external employees have not been reported consistently which has consequences, on one hand on absenteeism and on the other hand on the frequency rate and severity rate of work accidents published in a consolidated way for Group employees and external workers.

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

Conclusion

Based on our work, and except for the qualifications mentioned above, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.

Paris La Défense, March 18, 2015
KPMG S.A.

Anne Garans
Partner
Climate change and Sustainability services

Valérie Besson
Partner

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

(2) Social and environmental indicators (except proportion of sites certified ISO 14001): Floss (Germany). Social indicators: Nexans France and Nexans autoelectric GmbH (Germany). Environmental indicators: Elouges (Belgium), Amercable El Dorado (USA), Montreal (Canada), Grimsas (Sweden), Bramsche (Germany) and Halden (Norway) for quantity of produced waste; Amercable El Dorado (USA), Montreal (Canada), Santiago (Chile), Lima (Peru), Grimsas (Sweden), Bramsche (Germany) and Halden (Norway) for electricity consumption; Montreal (Canada) for natural gas consumption; Nahr Ibrahim (Lebanon) for purchased fuel; Montreal (Canada) and Halden (Norway) for water consumption; Noyelles-Casting (France) for solvents; the proportion of sites certified ISO 14001 has been reviewed at headquarter level (France).

3. 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 Group, 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 March 17, 2015.

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 Annual Report for the year ended on December 31, 2014, 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

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, 2014, 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 five women, representing over 35% of the Board. The Company therefore meets the 20% of women directors' requirement of French Law No. 2011-103 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:

2015 Shareholders' Meeting	Robert Brunck, Georges Chodron de Courcel, Cyrille Duval, Hubert Porte(1), Mouna Sepehri
2016 Shareholders' Meeting	Frédéric Vincent, Colette Lewiner, Lena Wujek(2)
2017 Shareholders' Meeting	Jérôme Gallot, Francisco Pérez Mackenna(1), Andrónico Luksic Craig(1)
2018 Shareholders' Meeting	Véronique Guillot-Pelpel, Fanny Letier(3), Philippe Joubert

(1) Directors proposed by the main shareholder Invexans (Quiñenco Group), previously called Madeco.
(2) Director representing employee shareholders.
(3) Directors proposed by the shareholder Bpifrance Participations.

1.1 Members of the Board of Directors

The summary table below lists the changes that occurred in the composition of the Board of Directors during fiscal 2014:

Date of event	Person concerned	Change that occurred
March 31, 2014	Nicolas de Tavernost	Resignation as a director
May 15, 2014	François Polge de Combret	Expiration of term of office
May 15, 2014	Véronique Guillot-Pelpel	Re-election as a director
May 15, 2014	Fanny Letier	Appointment as a director
May 15, 2014	Philippe Joubert	Appointment as a director

At the Shareholders' Meeting held on May 15, 2014, Nexans' shareholders re-elected Véronique Guillot-Pelpel as a director and appointed Fanny Letier, the candidate proposed by BpiFrance Participations, and Philippe Joubert as directors. The term of office of a director, François Polge de Combret, expired, and he was not proposed for re-election.

At December 31, 2014, the members of the Board of Directors were as follows:

- Frédéric Vincent, Chairman of the Board
- Robert Brunck,
- Georges Chodron de Courcel,
- Cyrille Duval,
- Jérôme Gallot,
- Véronique Guillot-Pelpel,
- Philippe Joubert,
- Fanny Letier,
- Colette Lewiner,
- Andrónico Luksic Craig,
- Mouna Sepehri,
- Francisco Pérez Mackenna,
- Hubert Porte,
- Lena Wujek.

For more information on the members of the Board of Directors, their expertise and their directorships at December 31, 2014 as well as their expired directorships, see section 7 of the 2014 Annual Report.

1.2 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 21, 2015:

- 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%[1] at the end of 2014 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 2014, i.e., more than 14%, the Board wishes to strengthen further internationalization.
- The proportion of women on the Board, currently more than 35%, must increase in order to reach the 40% legal requirement by 2017.
- Lastly, the Board would like more seats to be held by people with experience in industry.

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 Registration Document.

As part of its annual review, on January 21, 2015 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) Georges Chodron de Courcel, (3) Cyrille Duval, (4) Jérôme Gallot, (5) Véronique Guillot-Pelpel, (6) Philippe Joubert, (7) Colette Lewiner and (8) Mouna Sepehri.

  Only the following two changes were made related to the characterization previously given.

  Georges Chodron de Courcel left his position as Chief Operating Officer of BNP Paribas on June 30, 2014 and retired on September 30, 2014. Therefore, based on his business duties, he no longer has significant business relations with the Group.

  Furthermore, the Board of Directors considers that belonging to a board for more than 12 consecutive years does not automatically mean losing one's status as an independent director. The criteria of length of service on the board is designed in particular to determine whether time spent by directors impedes their economic independence, business independence, and critical judgment with respect to Executive Management. This is a legitimate concern in this case that must be analyzed and assessed by the Board of Directors.

(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.

The Board of Directors considers Georges Chodron de Courcel to be independent with respect to the Group from an economic standpoint given that he receives a pension and has income from other various business activities. Thus, the directors' fees that he receives from Nexans only represent a small portion of his total income.

In addition, Georges Chodron de Courcel is independent from a business standpoint as he has many other business activities that are not related to the Group and he has no more relation to BNP Paribas.

Lastly, through Georges Chodron de Courcel's personality, he demonstrates that his judgment is completely independent. His length of service on the Board gives him a greater ability to understand the challenges, risks and issues faced by Executive Management, and makes him bolder when it comes to expressing his ideas and formulating opinions. Thus the Board of Directors does not consider that the length of Georges Chodron de Courcel's service on the Board affects in any way his independence given the great freedom of judgment and the ability for critical thinking that he demonstrates. Therefore, the Board considered that Georges Chodron de Courcel could be recharacterized as an independent director as of July 2014.

As regards Jérôme Gallot, since the beginning of 2014, he is no longer bound by an agreement with Bpifrance Participations. After calling on the High Committee for Corporate Governance, the Board of Directors discussed and assessed whether to maintain the characterization of independence of Jérôme Gallot in light of the service agreement that was authorized by the Board of Directors on July 24 and September 22, 2014, and entered into on October 21, 2014 between Jérôme Gallot and Nexans. This agreement that is subject to the procedure for related party agreements, and as such is subject to approval at the next Annual Shareholders' Meeting, is for an assignment to carry out in-depth diagnostic analysis on optimizing the Group's legal structures. The Company did not have the internal resources to carry out this assignment during the Group's reorganization launched in 2014 and still underway in 2015.

Jérôme Gallot brings with him his objectivity as an independent professional consultant in organization, also familiar with the general organization of the Group and its activities given his position as a Board member.

The Board of Directors considers that the limited business relationship thus created between Nexans and Jérôme Gallot is not significant for the Nexans Group or for Jérôme Gallot, in accordance with the criteria set out in section 9.4 of the AFEP-MEDEF Code. The compensation received by Jérôme Gallot within the scope of this agreement, limited to 20,000 euros is much less than 5% of his total income. Jérôme Gallot is thus independent from an economic standpoint. From a business standpoint, Jérôme Gallot also has many other business activities that are not related to the Group. Furthermore, the Board of Directors considers that this ad hoc assignment over a very limited time period since it ended at the end of January 2015 would not compromise Jérôme Gallot's freedom of judgment.

- The following directors are not independent: (1) Frédéric Vincent, in view of his position as Chairman and CEO before October 1, 2014; (2) Andrónico Luksic Craig, (3) Francisco Pérez Mackenna and (4) Hubert Porte, as these last three directors were proposed by the main shareholder Invexans (Quiñenco group)[1]; (5) Fanny Letier, the director proposed by the shareholder Bpifrance Participations and (6) Lena Wujek, as an employee of the Group.

At December 31, 2014, eight of Nexans' thirteen[2] 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 Internal Regulations, Code of Ethics, Decisions reserved for the Board, the Chairman of the Board and the Chief Executive Officer

2.1.1 Internal Regulations

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

(1) Previously Madeco.
(2) 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.

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.

Lastly, the Internal Regulations were updated on July 24, taking effect on October 1, 2014, in order to take into the account splitting the duties of Chairman of the Board and Chief Executive Officer.

2.1.2 Board decisions

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.

2.1.3 Role and powers of the Chairman of the Board of Directors

The Internal Regulations set out the role and powers of the Chairman of the Board of Directors. The Chairman represents the Board and, except under special circumstances, is the only person with the power to act and communicate on behalf of the Board. He organizes and oversees the Board of Directors' work and ensures that management bodies operate efficiently and in accordance with principles of good governance. He coordinates the work of the Board of Directors and that of the Committees.

The Chairman ensures that the directors are able to fulfill their duties and that they have all the information that they need to accomplish these duties.

Each year, in a report to the Annual Shareholders' Meeting, the Chairman reports on the preparation and organization of the Board of Directors' work, any limits that the Board of Directors sets on the powers of the Chief Executive Officer, and the internal control and risk management procedures set up by the Company. He receives all information needed for this report from the Chief Executive Officer.

The Chairman is regularly informed by the Chief Executive Officer of significant events or situations within the Group, particularly as regards strategy, organization, major investment and divestment projects, and major financial transactions. He may ask the Chief Executive Officer for any information that could help the Board of Directors and its Committees fulfill their duties.

He may ask to meet with the statutory auditors in order to prepare the Board of Directors' work. He monitors, in conjunction with the Accounts and Audit Committee, the efficiency of the internal audit system, the access to the work of the Internal Audit Department and can, on behalf of the Board of Directors and after having informed the Chief Executive Officer and the Chairman of the Accounts and Audit Committee, ask the Internal Audit Department for specific studies, and he reports findings to the Committee.

The Chairman is responsible for the following special duties:

- he chairs the Strategy Committee;
- he represents the Company in national and international professional organizations in liaison with Executive Management;
- he represents the Company in high-level relations with public authorities and the Group's major partners in France and abroad, in liaison with Executive Management;
- more generally, he seeks to protect and develop the Group's image; and
- he liaises between the Board of Directors and the Company's shareholders in cooperation with Executive Management.

The Chairman can attend in an advisory capacity all the meetings of the Board's committees of which he is not a member and can consult them on any matter with their scope, particularly the Appointments, Compensation and Corporate Governance Committee for governance issues and the Accounts and Audit Committee for issues related to internal audit and internal control.

2.1.4 Management structure

In accordance with the provisions of Article L.225-25-1 of the French Commercial Code, on May 15, 2014 the Board of Directors decided to split the duties of Chairman and Chief Executive Officer.

This decision was made at the request of Frédéric Vincent and following the recommendation of the Appointments, Compensation and Corporate Governance Committee. This organization allows the Company and Executive Management to concentrate even more on its strategic priorities and implement the 2013-2015 strategic plan under the best possible conditions. It is carried out in conjunction with the Group's transformation. This configuration of split governance ensures continuity for the Group.

The Board of Directors' Internal Regulations were updated taking effect on October 1, 2014, in particular to set out the role and the powers of the Chief Executive Officer.

The Chief Executive Officer is responsible for executive management of the Company. He has the broadest powers to act under any circumstances on behalf of the Company subject to the powers granted by law to the Board of Directors and the Annual Shareholders' Meeting, and the Company's owns corporate governance rules.

He represents the Company and can bind the Company in relations with third parties.

He is responsible for the financial information disclosed by the Company and regularly presents the Group's results and prospects to its shareholders and the financial community.

He reports to the Board of Directors and particularly the Chairman on significant events within the Group.

2.1.5 Other provisions of the Internal Regulations and Code of Ethics

The Board's Internal 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 2014

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

The Board met 13 times in 2014, sometimes as part of some sessions 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 90,5%[1].

The number of 2014 meetings attended by each Board member as of the end of 2014 is indicated in the table below:

Director	Number of meetings attended
Frédéric Vincent	13
Robert Brunck	13
Georges Chodron de Courcel	13
Cyrille Duval	11
Jérôme Gallot	13
Véronique Guillot-Pelpel	13
Philippe Joubert*	5
Fanny Letier**	6
Colette Lewiner	11
Andrónico Luksic Craig	7
Francisco Pérez Mackenna	11
François Polge de Combret***	5
Hubert Porte	12
Mouna Sepehri	12
Nicolas de Tavernost****	4
Lena Wujek	13

* Director elected on May 15, 2014.
** Director elected on May 15, 2014.
*** Director whose term of office expired on May 15, 2014.
*** Director whose term of office expired on March 31, 2014.

(1) Annual attendance rate determined based on the number of directors in office present at the Board meeting in question and including members who left the Board during the year (François Polge de Combret and Nicolas de Tavernost).

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 2014 were as follows:

Monitoring the Group's key strategic areas and activities:	• Review of strategic plans and of certain strategic initiatives • External growth projects and review of various opportunities • Review of business performance
The Group's financial position, including cash flow and commitments:	• 2014 budget • Adoption of the Annual 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, 2013 and the six months ending on June 30, 2014, 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
Executive Management and compensation:	• 2013 performance review and compensation and benefits of the Chairman and Chief Executive Officer • Quantitative objectives for 2014 used as a basis for determining the variable compensation payable to the Chairman, the Chief Executive Officer and Group senior managers • Long-term compensation policy for Group senior managers – Performance share and free share plan • Change in the type of governance – Splitting the duties of Chairman and Chief Executive Officer • Definition of the duties of Frédéric Vincent as Chairman of the Board and components of the compensation of Frédéric Vincent as Chairman of the Board of Directors as of October 1, 2014 • Appointment of Arnaud Poupart-Lafarge as Chief Executive Officer and components of compensation as Chief Executive Officer as of October 1, 2014 • Limit on the amount of directors' fees in 2014
Corporate governance and internal control:	• Self-assessment of the Board and its committees • Launch (end-2014) of a formal assessment of the Board with the assistance of an external consultant • Adoption of the Chairman's Report on Corporate Governance and on Internal Control and risk management procedures • Re-election and appointment of directors • Characterization of the independence of directors • Review of the policy on and objectives of the composition of the Board • Update of the Board's Internal Regulations following the decision to split the duties of Chairman and Chief Executive Officer • Internal Audit report
Market transactions:	• Share capital increase reserved for employees "Act 2014" • Share capital increase linked to the creation of new shares following the acquisition of free shares
Other:	• Notice of the Annual Shareholders' Meeting • Approval of related party agreements and engagements with the shareholder Invexans: termination of the 2011 agreement as amended in 2012, acceptance of a long-term engagement for Invexans, and settlement agreement of November 26, 2014 with a view to benefiting from the extension of a tax amnesty program in Brazil • Approval of an ad hoc services agreement with Jérôme Gallot, Board member

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 2014, directors were able to visit the Charleroi in Belgium, and they were given a presentation of the site and land high voltage activity.

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 to set up a Strategy Committee starting in 2013.

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, 2014, 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 2014, was of two-thirds, as Georges Chodron de Courcel had been characterized as non-independent. Since Georges Chodron de Courcel was characterized as an independent director on January 21, 2015 (see section I 1.3 of the Report of the Chairman), this Committee is 100% 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 within the BNP Paribas Group from 1972 to 2014 and as former Chief Operating Officer of BNP Paribas (2003 to 2014) 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.

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.

Following the Board's decision dated 21 January 2015, the role of the Accounts and Audit Committee has been extended to the review of the Group's policies on compliance, ethics and professional conduct as well as the systems and procedures set up to ensure their diffusion and implementation.

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 eight times in 2014, with an attendance rate of 100% at all meetings. The meetings were also attended by the Chief Financial Officer and the Statutory Auditors, and as needed by the Head of Internal Audit, the Head of Consolidation, the Head of Financial Control, the Head of Financial Processes and Internal Control, and the Head of Risk Management and Security.

In 2014, 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 and for contingencies and charges • Review of asset impairment proposed by the Executive Management • Presentation by the Statutory Auditors on their work • Press releases on annual and interim earnings
Internal audit and risk management:	• Presentation by the Head of Internal Audit of the activity report for 2013 and a status report on the 2013-2014 internal audit plan, follow-up on the measures taken, submission of the 2014-2015 internal audit plan for approval • Presentation by the Head of Financial Control of the 2014 Internal Control Plan • Review of the "Risk factors" section of the 2013 Annual 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 antitrust investigations
Other:	• Review of the termination of the agreement with the shareholder Invexans (Quiñenco group) • Review of a settlement agreement entered into with Invexans (Quiñenco group) • Involvement in the request for proposals to select a Statutory Auditor and a deputy – interviewing candidates and making a recommendation

2.3.2 The Appointments, Compensation and Corporate Governance Committee

At the end of year 2014, 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	Member
Fanny Letier	Member
Francisco Pérez Mackenna	Member

On the basis of the annual review of the characterization of independence of directors conducted beginning 2015, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 60% taking into account the characterization of Fanny Letier and 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.

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 2014, the Appointments, Compensation and Corporate Governance Committee met 12 times with a total average attendance rate of over 93%.

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

Directors:	• Review of terms of office expiring at the 2014 Shareholders' Meeting, proposal of the re-election and appointment of directors • Characterization of the independence of Board members • Policy on and objectives of the composition of the Board and its Committees • Definition of the duties of Frédéric Vincent as Chairman of the Board as of October 1, 2014
Compensation:	• Variable portion of the Chairman and CEO's compensation paid for 2013 • Chairman and CEO's compensation in 2014: fixed and variable portions (examination of the calculation methods used for Group and individual performance objectives) • Acknowledgment of the failure to achieve performance conditions under Long-Term Compensation Plan No. 10 • Acknowledgment early 2014 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 • Limit on the amount of directors' fees in 2014 • Components of compensation of Frédéric Vincent as Chairman of the Board as of October 1, 2014 and termination and non-compete indemnities as Chairman of the Board • Components of compensation of Arnaud Poupart-Lafarge as Chief Executive Officer as of October 1, 2014 and termination and non-compete indemnities as Chief Executive Officer
Other activities:	• Results of the Board's appraisal conducted for 2013 • Launch of an assessment of the Board with the assistance of an external consultant for 2014 • Update of the Internal Regulations following the decision to split the duties of Chairman of the Board and Chief Executive Officer • Review, due to a possible conflict of interest, of a draft consulting agreement to be entered into with Jérôme Gallot, a director (without his presence as a Committee member)

The formal performance assessment commissioned in 2014 was presented to the Board in early 2015. For more information on this assessment, see section 2.5 of this Report of the Chairman.

2.3.3 The Strategy Committee

At the end of 2014 the Strategy Committee had seven members since July 24, 2014, who are all non-executive directors:

Frédéric Vincent	Chairman
Robert Brunck	Member
Jérôme Gallot	Member
Philippe Joubert	Member
Fanny Letier	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 2014, the Strategy Committee met four times with an attendance rate of 90%. The Committee focused in particular on updating the 2013-2015 strategic plans, several specific initiatives and opportunities for external growth. Presentations were made to the Committee by several senior managers from the Group. The manager in charge of Strategy and TPO[1] functions attended all 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.

Furthermore, directors who joined the Board in May 2014 received several days' training with members of the management team and representatives from the main corporate departments for a presentation on 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 I 2.2 above on the on-site visit organized at the end of September 2014).

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 2013, the Board conducted a self-assessment of its organization and procedures that was reviewed and discussed by the Board on January 13, 2014. 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.

An appraisal was carried out with the assistance of an external consultant at the end of 2014 and was discussed by the Appointments, Compensation and Corporate Governance Committee and then by the Board of Directors on January 21, 2015. The initiatives that will be implemented following this appraisal are as follows:

The size and composition of the Board will be reviewed; strengthening international and industrial skills would be desirable.

The feminization of the Board should be strengthened. The Chairman's mandate will end in 2016. Therefore the Appointments, Compensation and Corporate governance Committee will conduct an organized process to make proposals to the Board on all of these topics, as well as changes in the composition of the committees.

Regarding the way the Board operates, the directors wanted to see an improvement in the time it takes to send documents and information needed for the Board's work, and they asked for complete files to be sent in one batch prior to Board and Committee meetings. Updates will also be scheduled on the monitoring of decisions made by the Board.

Regarding the Board of Directors' work, a presentation will be given to present the Group's corporate social responsibility programs; the Strategic Committee will have its mission expanded to certain topics of corporate social responsibility.

(1) TPO: Transformation Program Office, the team dedicated to providing support to the operating departments to implement the Group's transformation.

Regarding the Committees' work, the members of the Board will be informed of the annual work schedule of each of the Committees and the minutes of the Committee meetings will be given to them.

Regarding the Accounts and Audit Committee, the Internal Regulations were updated to expand the role of this Committee to include monitoring the Group's management of its compliance initiatives (training and prevention, handling issues reported, surveys) and a presentation will be proposed to the Accounts and Audit Committee. A report will be provided to the Board.
The Appointments, Compensation and Corporate Governance Committee will work on contingency and succession plans of corporate officers before reporting back to the Board.

During the formal appraisal carried out at the end of 2014 with the assistance of a specialized external consultant, an initial assessment of the contribution of each director was carried out, and the external consultant provided an individual report to each director.

3. Directors' rights, access to information and code of conduct

The Board of Directors' Internal Regulations set out the principles adopted by the Company concerning the rights of Nexans' directors as well as their access to information. 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 2014 is provided in section 7.2 of the 2014 Annual Report.

4. 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. At the Shareholders' Meeting held on May 15, 2014 Article 21 of the bylaws was amended to stipulate that the automatic double voting rights provided for by law to bring back the real economy, enacted on March 29, 2014, not apply at Nexans. Given the composition of the Company's shareholding structure and particularly as the largest shareholder Invexans (Quiñenco Group) owns 29% of the Group's share capital and voting rights, adopting double voting rights would not only be inconsistent with the rules for exercising voting rights previously agreed upon by the shareholders, it would go against the balance of shareholders' interests.

5. Compensation and benefits paid to corporate officers

The corporate officers are the 14 members of the Board of Directors at December 31, 2014. The Company had two executive corporate officers at end-2014, Frédéric Vincent, Chairman of the Board of Directors and Arnaud Poupart-Lafarge, the Chief Executive Officer.

The principles and rules approved by the Board of Directors for determining the compensation and benefits payable to the Company's corporate officers are described in section 7.3 (Directors compensation) and sections 7.5 and 7.6 (Compensation of Frédéric Vincent and Arnaud Poupart-Lafarge) of the 2014 Annual Report. The Board's Internal Regulations amended on October 1, 2014 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 the Chief Executive Officer 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 executive corporate officers will be reviewed and subject to an advisory vote at the Shareholders' Meetings on May 5, 2015.

6. Additional information

To the best of the Company's knowledge, there are no family relationships between Nexans' corporate officers, or any service contracts between any of the Board members and the Company or any of its subsidiaries, with the exception of the employment contract of the director representing employee shareholders and the ad hoc service contract, for a set time period and amount, entered into by Nexans and Jérôme Gallot on October 21, 2014 as described in the 2014 Report on Related-party agreements. 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.

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.

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, with the exception of the following recommendations:

Recommendation	The Company's current practices — Explanations
Criterion of independence of directors (9.4): In order to characterize a director as independent, the Board of Directors assesses whether significant relationships are maintained with the Company and its Group, particularly as regards the following criteria: "not being a Company director for more than 12 years."	The Board of Directors considers that, although Georges Chodron de Courcel has been a director for over 12 years, he is independent with respect to the Group: • from an economic standpoint given that he receives a pension and has income from other various business activities. Thus, the directors' fees that he receives from Nexans only represent a small portion of his total income; • from a business standpoint as he has many other business activities that are not related to the Group; • in thinking as his length of service on the Board gives him a greater ability to understand the challenges, risks and issues faced by Executive Management, and makes him bolder when it comes to expressing his ideas and formulating opinions. Thus the Board of Directors does not consider that the length of Georges Chodron de Courcel's service on the Board affects in any way his independence given the great freedom of judgment and the ability for critical thinking that he demonstrates.
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 officers 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 (29 years including 14 years at Nexans as of the end of 2014), it is deemed that the condition for a gradual increase in benefits is indeed met.

II. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED AT NEXANS

1. Definitions, scope, objectives and limitations

Nexans' risk management infrastructure is designed to:
- identify and track the major risks that could jeopardize the continuity or growth of the Group's activities,
- implement the decisions made as regards taking risk (for example ensuring that the Group has sufficiently hedged its risks) or mitigate risks by transferring them (in particular with insurance), monitor risk (using internal control or mitigation plan management) or avoid risks,
- monitor exposure to risks, by assessing the occurrence of risks and verifying the effectiveness of internal controls and other risk mitigation measures.

It covers all of the Group's short-, medium- and long-term risks (strategic, operating, financial, legal and compliance). It is not only limited to security, financial control and accounting aspects. It also covers all of the Group's key transactions, the processes, and the human and financial assets. It relies on all players (Board of Directors, senior managers and staff) and involves all the operating and functional levels within the Group.

Nexans' risk management infrastructure has three complementary pillars: (i) risk management, (ii) internal control et (iii) internal audit.

Risk management is the process by which operating and functional managers understand and incorporate risk into their day-to-day management, including implementing relevant risk mitigation plans, in line with the levels of risk tolerance set out by the Group. Risk management is a process to identify, assess, prioritize and systematically handle major risks to which the Group is exposed, and to monitor this exposure over time. The department dedicated to risk management aims to support and monitor managers at all levels as they anticipate and manage risks using risk management procedures.

Internal controls are used by operating and functional managers to minimize the impact or probability of certain risks (including the risks of error and fraud). In addition to the specific operating risks that an organizational structure decides to reduce, there is generally a shared base for internal control within the organizational structures to protect assets, provide reliable reporting on financial and non-financial information, and comply with laws, regulations and internal policies. Internal control generally includes the control of operations, oversight control and the segregation of duties. The dedicated internal control function aims to support and oversee managers at all levels as they implement and monitor relevant internal controls in order to reduce risk.

Internal audit serves as the independent expert on how risks are managed and monitored. It aims to determine, by using a systematic and methodical approach, whether the internal control measures, other management processes decided upon and the decisions (including risk management and corporate governance rules) are in place or applied, and work properly. The internal audit team can also give specific advise on allocations, at the request of the Chief Executive Officer or the Accounts and Audit Committee.

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 power and signing authority.

In accordance with the Group's procedures, each subsidiary implements all the points set out in the Group's Internal Control Booklet. This manual 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 the procedures for treasury management, 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.

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 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 Risk Management and Security Department

The Group Risk Management and Security 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 Risk Infrastructure Charter." In order to ensure consistency, the 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 reviewed periodically by the Accounts and Audit Committee.

The Risk Management and Security Department reports to the General Secretary and liaises with the Financial Processes and Internal Control Department and the Internal Audit Department on a regular basis.

The Financial Processes and Internal Control Department

In 2014, Nexans transformed the Group Internal Control Department into a Financial Processes and Internal Control Department. This department reports to a newly created Group Control Department, which also includes the Financial Control Department. The Group Control Department reports to the Chief Financial Officer.

This change shows that internal control is increasingly being integrated into the Group's management processes, in particular the financial processes. The goal is to strengthen the operating integration of control activities in the development of processes and information systems.

The Financial Processes and Internal Control Department defines, deploys and drives the internal control process throughout the Group. It works in close collaboration with the Risk and Security 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 directional guidelines of the Group Internal Control system are set out in the " Nexans Risk Infrastructure Charter." In 2014, these guidelines were expanded to include a description of control activities for the various processes and the identification of the 25 key control points.

(1) Chaired by the Chief Executive Officer, the Management Board brings together the Senior Corporate Executive Vice President, in charge of International and Operations, the Senior Executive Vice President Europe, the Senior Executive Vice President High Voltage & Underwater Cable Business Group, the Chief Financial Officer and the Senior Corporate Vice President Human Resources. It is responsible for drawing up the Group's business strategy, allocating resources, and determining organizational structures.
(2) Chaired by the Chief Executive Officer, 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 Financial Processes and 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 Financial Processes and 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, focusing on strengthening the organization through dedicated internal control officers who report to finance managers. Internal control function's works are presented periodically to the Accounts and Audit Committee.

The Internal Audit Department

In accordance with good corporate governance practices, the Internal Audit Department reports to the Chief Executive Officer. 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 Board and 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 2014, 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. The Ethics Officer is attached to the General Secretary who is responsible for compliance functions within the Group including the implementation of prevention programs and function of deontologist.

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 / frontline 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 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 six corporate departments: the Group Control Department, which is made up of the Financial Processes and Internal Control Department presented above, and 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 including the Financial Communication Department. The latter ensures legibility and relevance of financial information provided to market.

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 and the management of risks of metals prices and exchange rates.

In Europe, the Finance Departments in each country report to the Financial Processes and Internal Control Department, while maintaining a dotted-line relationship with the Country Manager.

Outside Europe, the Finance Departments 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 Risk Management and Security Department. The Legal Department defines the Group's legal policy and offers legal support to the Group's activities.

- The **Strategy and TPO 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 risks related to carrying out strategic plan, 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, particularly through initiatives involving information system security.

- The **Technical Department** oversees all the Group's research and development projects, in particular through its Competence Centers and the Research Center. It helps manage risks by monitoring technological changes and protecting innovations.

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 Risk Management and Security Department and monitored by the Management Board and the Management Council. In accordance with law, the Accounts and Audit Committee monitors the effectiveness of risk control systems.

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 II 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 related to the Group's past, present and future 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 and Security 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.

A Group risk mapping process is performed at least every two years, and was last performed in 2013. 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 Risk Management and Security.

3.2 Workshops for monitoring and handling major risks

On a regular basis, the Group organizes 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. For example, in 2014 the work conducted during one workshop led to overhauling the procedure for making decisions about significant investments.

Ad hoc risk management initiatives are also organized. On June 17, 2014, a Safety Day was organized at all Nexans sites to help all Group employees better understand safety issues and take them into account A member of management was present at each site for the Safety Day. Furthermore, the travel policy was reviewed in 2014 to better control and assist with business travel and trips in high-risk areas. The Group also created a Charter defining its organization for risk management and control.

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 and General Counsel, the Chief Financial Officer, the Head of Management Control, the Head of Consolidation, as well as the Corporate and Securities Counsel, the Head of Internal Audit, the Head of Risk Management and Security, the Head of Internal Control, the 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 Chief Executive Officer (when a bid exceeds 50 million euros) and comprises the Senior Corporate Executive Vice President, the Executive Vice President of the Area concerned, as well as the General Secretary and General Counsel, the Chief Financial Officer and the Head of Group Risk Management and Security.

- **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 Chief Executive Officer and its other members are the Senior Corporate Executive Vice President, the General Secretary and General Counsel, the Chief Financial Officer, the Head of Tax, the Head of Financial Transactions, the Head of Strategy and TPO, 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 Chief Executive Officer and is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee[1].

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 2014 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 2014 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 January 2012. In addition, a supplemental Crisis Communication procedure was released in September 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 by function for the unit and for the market lines within the unit.

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 Board 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.

(1) See section 9 of the 2014 Annual Report for a description of the organization of the Sustainable Development/CSR function.

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.
If 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 Annual 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 Executive Management carries out its oversight role for internal control, notably through reviews with the Head of Risk Management and Security, regular business reviews for the Group, and performance-indicator monitoring.

March 17, 2015

Frédéric Vincent
Chairman of the Board of Directors

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF NEXANS

This is a free translation into English of the designated independent third party's report issued in French and it 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, 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, 2014.
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, March 18, 2015
KPMG Audit
Département de KPMG S.A.

Valérie Besson
Partner

Neuilly-sur-Seine, March 18, 2015
PricewaterhouseCoopers Audit

Eric Bulle
Partner

4. CONSOLIDATED STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	**2014**	2013
NET SALES	1.e.a and 3	**6,403**	**6,711**
Metal price effect[1]		(1,816)	(2,022)
SALES AT CONSTANT METAL PRICES[1]	1.e.a and 3	**4,587**	**4,689**
Cost of sales		(5,658)	(5,950)
Cost of sales at constant metal prices[1]		(3,842)	(3,928)
GROSS PROFIT		**745**	**761**
Administrative and selling expenses[2]		(522)	(514)
R&D costs		(75)	(76)
OPERATING MARGIN[1][2]	1.e.b and 3	**148**	**171**
Core exposure effect[3]	1.e.c	(4)	(41)
Other operating income and expense[4]	5	(129)	(131)
Restructuring costs	21.b	(51)	(180)
Share in net income (loss) of associates[5]		1	(1)
OPERATING INCOME (LOSS)	1.e.d	**(35)**	**(182)**
Cost of debt (net)[6]	1.e.e	(77)	(90)
Other financial income and expenses	1.e.e and 8	(26)	(19)
INCOME (LOSS) BEFORE TAXES		**(138)**	**(291)**
Income taxes	9	(32)	(39)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(170)**	**(330)**
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		**(170)**	**(330)**
• attributable to owners of the parent		(168)	(333)
• attributable to non-controlling interests		(2)	3
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	10		
• basic earnings (loss) per share		(4,01)	(10,66)
• diluted earnings (loss) per share		(4,01)	(10,66)

(1) Performance indicators used to measure the Group's operating performance.
(2) In 2013, this line included a non-recurring impact of 30 million euros due to the closure of certain defined benefit pension plans 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) As explained in **Notes 5** and **6**, "Other operating income and expenses" included 197 million euros in net asset impairment in 2014.
(5) The Group's share in the net income (loss) of associates whose operating activities are an extension of those of the Group is presented within "Operating income (loss)".
(6) Financial income amounted to 6 million euros in 2014 versus 5 million euros in 2013. In 2014, the cost of net debt included non-recurring income of 8.8 million euros that was recognized during the year because early redemption options on bonds were not exercised (see **Note 22.b**).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	Notes	2014	2013
NET INCOME (LOSS)		**(170)**	**(330)**
Recyclable components of comprehensive income		**25**	**(205)**
• Available-for-sale financial assets		0	0
• Currency translation differences		62	(144)
• Cash flow hedges	24	(37)	(61)
Tax impacts on recyclable components of comprehensive income	9.c	**8**	**17**
Non-recyclable components of comprehensive income		**(47)**	**12**
• Actuarial gains and losses on pension and other long-term employee benefit obligations	20.b	(47)	12
• Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income	9.c	**14**	**(4)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		0	(180)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(170)**	**(510)**
• attributable to owners of the parent		(171)	(513)
• attributable to non-controlling interests		1	3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(At December 31, in millions of euros)	Notes	**2014**	2013
Goodwill	6	303	414
Intangible assets	11	181	223
Property, plant and equipment	12	1,159	1,135
Investments in associates	13	21	14
Deferred tax assets	9.d	153	120
Other non-current assets	14	73	58
NON-CURRENT ASSETS		**1,890**	**1,964**
Inventories and work in progress	15	1,096	1,031
Amounts due from customers on construction contracts	16	213	218
Trade receivables	17	1,009	1,012
Derivative assets	24	43	33
Other current assets	18	167	186
Cash and cash equivalents	22.a	810	987
Assets and groups of assets held for sale[1]		0	30
CURRENT ASSETS		**3,338**	**3,497**
TOTAL ASSETS		**5,228**	**5,461**

(1) At December 31, 2013, assets and groups of assets held for sale corresponded to International Cable Company (Egypt) and Nexans Indelqui (Argentina), for which disposal processes had been initiated at that date. International Cable Company was sold in 2014 (see **Note 7**). Nexans Indelqui was reclassified in June 2014 as it no longer meets the criteria to qualify as assets or groups of assets held for sale.

EQUITY AND LIABILITIES

(At December 31, in millions of euros)	Notes	2014	2013
Capital stock, additional paid-in capital, retained earnings and other reserves		1,346	1,550
Other components of equity		31	(1)
Equity attributable to owners of the parent		**1,377**	**1,549**
Non-controlling interests		56	51
TOTAL EQUITY	19	**1,433**	**1,600**
Pension and other long-term employee benefit obligations	20	435	398
Long-term provisions	21	112	32
Convertible bonds	22	452	445
Other long-term debt	22	605	604
Deferred tax liabilities	9.d	91	82
NON-CURRENT LIABILITIES		**1,695**	**1,561**
Short-term provisions	21	162	394
Short-term debt	22	213	275
Liabilities related to construction contracts	16	159	126
Trade payables	23	1,162	1,108
Derivative liabilities	24	86	51
Other current liabilities	23	318	316
Liabilities related to groups of assets held for sale[1]		0	30
CURRENT LIABILITIES		**2,100**	**2,300**
TOTAL EQUITY AND LIABILITIES		**5,228**	**5,461**

(1) At December 31, 2013, liabilities related to groups of assets held for sale corresponded to International Cable Company (Egypt) and Nexans Indelqui (Argentina), for which disposal processes had been initiated at that date. International Cable Company was sold in 2014 (see **Note 7**). Nexans Indelqui was reclassified in June 2014 as it no longer meets the criteria to qualify as assets or groups of assets held for sale.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock
JANUARY 1, 2013	**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**	**-**
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	8,292	0	(0)	-
Transactions with owners not resulting in a change of control	-			
Other	-	-	-	-
DECEMBER 31, 2014	**42,051,437**	**42**	**1,569**	**-**

(1) Including a 0.7 million euro expense related to the Act 2014 plan (see **Note 19.h**)

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**
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**
(168)	-	-	(168)	(2)	(170)
(33)	(27)	57	(3)	3	0
(201)	**(27)**	**57**	**(171)**	**1**	**(170)**
0	-	-	0	(1)	(1)
-	-	-	-	-	-
-	-	-	-	-	-
3	-	-	3	-	3
-	-	-	0	-	0
(5)	-	-	(5)	5	-
(1)	-	2	1	-	1
(265)	**(64)**	**95**	**1,377**	**56**	**1,433**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	**2014**	2013
Net income (loss) attributable to owners of the parent		(168)	(333)
Net income (loss) attributable to non-controlling interests		(2)	3
Depreciation, amortization and impairment of assets (including goodwill)[1]		345	278
Cost of debt (gross)		83	95
Core exposure effect[2]		4	41
Other restatement[3]		(116)	133
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX[4]		**146**	**217**
Decrease (increase) in receivables		59	64
Decrease (increase) in inventories		(40)	(18)
Increase (decrease) in payables and accrued expenses		59	33
Income tax paid		(34)	(36)
Impairment of current assets and accrued contract costs		(71)	(3)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**(27)**	**40**
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**119**	**257**
Proceeds from disposals of property, plant and equipment and intangible assets		20	5
Capital expenditure[5]		(161)	(194)
Decrease (increase) in loans granted and short-term financial assets		3	(10)
Purchase of shares in consolidated companies, net of cash acquired		(6)	(8)
Proceeds from sale of shares in consolidated companies, net of cash transferred		(8)	2
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**(152)**	**(205)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**(33)**	**52**
Proceeds from long-term borrowings		2	3
Repayments of long-term borrowings		(0)	(0)
Proceeds from (repayment of) short-term borrowings		(76)	(114)
• *of which redemption of the OCEANE 2013 convertible/exchangeable bonds*		-	*(85)*
Cash capital increases (reductions)[6]		(0)	281
Interest paid		(74)	(64)
Transactions with owners not resulting in a change of control		2	-
Dividends paid		(1)	(15)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**(147)**	**91**
Net effect of currency translation differences		(1)	7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(181)**	**150**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22.a	**968**	**818**
CASH AND CASH EQUIVALENTS AT YEAR-END	22.a	**787**	**968**
• of which cash and cash equivalents recorded under assets		810	987
• of which short-term bank loans and overdrafts recorded under liabilities		(23)	(19)

(1) Including the portion of restructuring costs corresponding to impairment of assets.
(2) Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact (see **Note 1.e.c**).
(3) Other adjustments in 2014 primarily included (i) a positive 32 million euros in relation to offsetting the Group's income tax charge, (ii) a negative 81 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings), (iii) a negative 43 million euros linked to the cash impact of hedges and (iv) a negative 23 million euros from the cancellation of gains and losses on disposals. Other adjustments 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 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 (77 million euros and 43 million euros in 2014 and 2013 respectively), and deducting gross cost of debt and the current income tax paid during the year.
(5) The construction project for the extra-high voltage cable plant in Charleston, South Carolina, generated cash outflows of 13 million euros in 2014 compared with 40 million euros in 2013.
(6) In the second half of 2013, Nexans carried out a rights issue representing a net amount of 279 million euros (see **Note 19.i**)

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 NYSE Euronext Paris (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 12, 2015 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 5, 2015 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, 2014.

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 2014:

- **IFRS 10,** "Consolidated Financial Statements".
- **IFRS 11,** "Joint Arrangements".
- **IFRS 12,** "Disclosure 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 Guidance amendments for IFRS 10, 11 and 12.**
- **Amendments to IAS 32,** "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities".
- **Amendments to IAS 36,** "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets".
- **Amendments to IAS 39,** "Novation of Derivatives and Continuation of Hedge Accounting".

The Group did not elect to adopt **IFRIC 21**, "Levies", which has been issued by the IASB but was only endorsed by the European Union in June 2014 and therefore was not mandatory for 2014 in accordance with IFRS as adopted by the European Union.

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, goodwill and other intangible assets, and determining the groups of cash generating units (CGUs) used for goodwill impairment testing (see **Note 1.f.a**, **Note 1.f.b**, **Note 1.f.c** and **Note 6**).
- Deferred tax assets not recognized in prior periods relating to unused tax losses (see **Note 1.e.f** and **Note 9.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 20**).
- Provisions and contingent liabilities (see **Note 1.f.j**, **Note 21** and **Note 29**).
- The measurement of derivative instruments and their qualification as cash flow hedges (see **Note 1.f.k** and **Note 24**).

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 IFRS 10, IFRS 11 and IAS 28R. A list of the Group's main subsidiaries and associates is provided in Note 31.

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.c).

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 2014 and 2013, 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) expenses and provisions for antitrust investigations; (vi) acquisition-related costs when they concern acquisitions that have been completed or whose probability of completion is almost certain; (vii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (viii) financial income and expenses; (ix) income taxes; (x) share in net income of associates; and (xi) net income (loss) from discontinued operations.

c. Core exposure effect

This line of the consolidated income statement includes the following two components (see also Note 25.c):

- 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.c.

Finally, the "Core exposure effect" line also includes any impairment losses recognized on Core exposure.

d. Operating income

Operating income includes operating margin (see Note 1.e.b), Core exposure effect (see Note 1.e.c), restructuring costs (see Note 1.f.j), share in net income (loss) of associates, and other operating income and expenses. Other operating income and expenses are presented in Note 5 and mainly include impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests (see Note 1.f.c), gains and losses on asset disposals, and expenses and provisions for antitrust investigations.

e. Financial income and expenses

Financial income and expenses include the following:

- Cost of debt, net of financial income from investments of cash and cash equivalents.

- Other financial income and expenses, which primarily include (i) foreign currency gains and losses on transactions not qualified as cash flow hedges, (ii) additions to and reversals of provisions for impairment in value of financial investments, (iii) net interest expense on pension and other long-term benefit obligations, and (iv) dividends received from non-consolidated companies.

Details on the majority of these items are provided in Notes 8 and 22.

f. 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 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 Cash Generating Unit (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 futures prices.

When an analysis of the related context reveals that a CGU, intangible asset, or item of property, plant and equipment that is in use or ready for use may have become impaired, the asset concerned is tested for impairment in accordance with IAS 36, based on the following:

- Cash-generating units: A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of goodwill and intangible assets with indefinite useful lives is tested at the level of each CGU. The structure of the Group's CGUs is based on its legal entities but also includes certain cross-functional groupings within geographic areas or sub-segments which have integrated cash inflows.
- Other intangible assets and property, plant and equipment: Groups of assets with finite useful lives are tested for impairment if there is a specific indication that they may be impaired (as defined in IAS 36.12).
- 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, with an extrapolation 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 "Other operating income and expense" unless they directly relate to a restructuring operation (see Note 1.f.j).

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 of non-ferrous metals 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.e.c) 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.e.c, 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 and other assets

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". When 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 Group 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 Group, 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 to 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 plan is announced). The Group uses different measurement models to calculate this fair value, notably the Black & Scholes and Monte-Carlo pricing models.

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".

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 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 long-term employee 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 also recognized in the consolidated statement of financial position under "Pension and 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 8).

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.

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

Members of the Board of Directors of Nexans S.A.

At the Annual Shareholders' Meeting held on May 15, 2014, Nexans' shareholders re-elected Véronique Guillot-Pelpel as a director for a four-year term and elected two new directors, also for four-year terms: Philippe Joubert and Fanny Letier (a new director put forward by Bpifrance Participations). At the close of the Shareholders' Meeting the Board of Directors comprised 14 members, after taking into account the expiration of François Polge de Combret's term of office and the resignation of Nicolas de Tavernost which he tendered in order to comply with the recommendations of the AFEP-MEDEF Corporate Governance Code concerning the limit on the number of directorships held simultaneously by the same person.

Splitting the duties of Chairman of the Board and Chief Executive Officer

On May 15, 2014, on the recommendation of its Chairman, the Board of Directors approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer. Consequently, the Board decided that Frédéric Vincent would retain his role as Chairman of the Board and Arnaud Poupart-Lafarge would become Chief Executive Officer and therefore become an executive director. This change took effect on October 1, 2014.

Executive team

On October 1, 2014 the Company announced Nexans' new executive team in the form of a leaner Management Board around Arnaud Poupart-Lafarge whose members are as follows:

- Pascal Portevin, Senior Corporate Executive Vice President, International and Operations;
- Christopher Guerin, Senior Executive Vice President, Europe;
- Dirk Steinbrink, Senior Executive Vice President, in charge of the High-Voltage business;
- Nicolas Badré, Chief Financial Officer;
- Anne-Marie Cambourieu, Senior Corporate Vice President, Human Resources.

b. Partnership between Invexans (a Quiñenco group subsidiary) and Nexans

On May 22, 2014, Nexans announced that (i) the agreement between Nexans and Invexans (a Quiñenco group subsidiary) dated March 27, 2011, as modified by the amendment of November 26, 2012, had been terminated, and (ii) Invexans had given a long-term commitment, expiring on November 26, 2022, concerning the future of the two companies' partnership. In this commitment – the full wording of which is available on Nexans' website at www.nexans.com (under Finance/Documentation) – Invexans has undertaken not to request representation on the Board in excess of three members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

c. International employee share ownership plan

At its meeting held on May 15, 2014, and in accordance with the authorizations granted at the Annual Shareholders' Meeting of the same date, the Board of Directors announced the launch of an employee share ownership plan involving the issue of a maximum of 500,000 new shares. This was the sixth international employee share ownership plan set up by the Group.

The plan proposed the same "leveraged" structure as in the 2010 and 2012 plans, whereby employees were able to subscribe for the shares through a corporate mutual fund (FCPE) at a preferential discount share price, with the Company providing them with a capital guarantee plus a multiple based on share performance. The shares are locked into the plan for five years, apart from in special circumstances when employees can access them earlier. In countries where the leveraged structure using a corporate mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR).

The subscription period for the plan ran from November 6 through November 18, 2014 and was followed by a period during which employees could withdraw their subscriptions, from December 18 through December 23, 2014. The subscription price was set on December 17, 2014 at 20.39 euros per share (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding that date). The settlement-delivery of the shares took place on January 21, 2015 and resulted in the issuance of 499,862 new shares, representing an aggregate amount of 10 million euros.

d. Net asset impairment

In the fourth quarter of each year, the Group carries out impairment tests on goodwill, other intangible assets, and property, plant and equipment, based on medium-term estimates drawn up by its business units. The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized are set out in Note 6.

The 197 million euro net impairment loss resulting from the tests conducted in 2014 mainly breaks down as follows:

- 80 million euros in impairment of assets held by the "AmerCable" Cash Generating unit (CGU).
- 66 million euros in impairment of assets held by the "Australia" CGU, comprising Nexans' operations in Australia and New Zealand.
- 40 million euros in impairment of assets held by the "Brazil" CGU.
- 11 million euros in impairment of assets held by the "Russia" CGU.

e. Antitrust investigations: April 7, 2014 notification of the European Commission's decision

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation in the submarine and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union.
On July 4, 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission.

At June 30, 2014 Nexans France SAS recognized an 80 million euro contingency provision for the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity.

See Note 29 for further details.

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 Activities"** 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 are reflected in this column:

- A total of 87% of the sales at constant metal prices recorded in the "Other Activities"column in 2014 were generated by the Group's Electrical Wires business (compared with 86% in 2013)
- Operating margin for "Other Activities" came in at a negative 26 million euros, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

Transfer prices between the various operating 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

2014 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	**Group total**
Contribution to net sales at current metal prices	2,327	1,487	1,814	775	6,403
Contribution to net sales at constant metal prices	1,978	1,213	1,120	276	4,587
Operating margin	98	50	26	(26)	148
Depreciation and amortization	(72)	(34)	(27)	(7)	(140)
Net impairment of non-current assets (including goodwill) (see Note 6)	(78)	(84)	(34)	(1)	(197)

2013 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	**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
Contribution to net sales at constant metal prices and 2014 exchange rates	1,957	1,220	1,123	264	4,564
Operating margin	70	42	37	22[1]	171
Depreciation and amortization	(73)	(37)	(30)	(5)	(145)
Net impairment of non-current assets (including goodwill)[2]	(44)	(11)	(46)	(3)	(104)

(1) This amount includes the positive 30 million euro impact related to the curtailment and settlement of two defined benefit pension plans (see **Note 20**).
(2) The amounts on this line do not take account of the 26 million euro loss resulting from the fair value measurement of assets held for sale as defined in IFRS 5.

The Management Board and the Management Council also analyze the Group's performance based on geographic area.

b. Information by major geographic area

2014 *(in millions of euros)*	France[2]	Germany	Norway	Other[3]	**Group total**
Contribution to net sales at current metal prices[1]	918	776	693	4,016	6,403
Contribution to net sales at constant metal prices[1]	656	669	647	2,615	4,587
Non-current assets (IFRS 8)[1] (at December 31)	150	135	161	1,218	1,664

(1) Based on the location of the Group's subsidiaries.
(2) Including Corporate activities.
(3) Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

2013 *(in millions of euros)*	France[2]	Germany	Norway	Other[3]	**Group total**
Contribution to net sales at current metal prices[1]	929	751	699	4,332	6,711
Contribution to net sales at constant metal prices[1]	667	636	635	2,751	4,689
Contribution to net sales at constant metal prices and 2014 exchange rates [1]	667	636	593	2,668	4,564
Non-current assets (IFRS 8)[1] (at December 31)	146	125	172	1,342	1,785

(1) Based on the location of the Group's subsidiaries.
(2) Including Corporate activities.
(3) 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 2014 or 2013.

NOTE 4: PAYROLL, STAFF AND STAFF TRAINING ENTITLEMENT

		2014	2013
Payroll costs (including payroll taxes)	*(in millions of euros)*	1,150	1,146
Staff of consolidated companies at year-end	*(in number of employees)*	26,144	25,843
Staff training entitlement[1]	*(in hours)*	330,000	338,000

(1) 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 within the meaning of IFRS 2. These payments totaled 1.9 million euros in 2014 and 2.9 million euros in 2013. See Note 19 for further information.

Compensation paid to employees affected by restructuring plans in progress is not included in the above table.

NOTE 5: OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	Notes	2014	2013
Net asset impairment	6	(197)	(130)
Changes in fair value of non-ferrous metal derivatives		(2)	(2)
Net gains (losses) on asset disposals	7	23	1
Acquisition-related costs		-	(0)
Expenses and provisions for antitrust investigations		47	0
OTHER OPERATING INCOME AND EXPENSES		**(129)**	**(131)**

In June 2011, the Group set aside a 200 million euro provision to cover the risks of a fine being imposed by the European Commission for anticompetitive behavior. Following the final notification and payment of the fine, which amounted to 70.6 million euros, just under 130 million euros of the original provision were reversed to the income statement. The Group then recognized an 80 million euro provision to cover the direct and indirect consequences of the fine. Consequently, the overall net income of 47 million euros recognized in 2014 under "Expenses and provisions antitrust investigations" primarily corresponded to these changes in provisions.

NOTE 6: NET ASSET IMPAIRMENT

(in millions of euros)	2014	2013
Impairment losses – non-current assets	(63)	(61)
Reversals of impairment losses – non-current assets	-	-
Impairment losses – goodwill	(134)	(43)
Impairment losses – assets and groups of assets held for sale	-	(26)
NET ASSET IMPAIRMENT	**(197)**	**(130)**

Every six months, the Group reviews the value of its goodwill and other intangible assets and property, plant and equipment, based on medium estimates drawn up by its business units (see **Note 1.f.c.**).

As a result of the economic environment in the second half of 2014, the Group reviewed its strategic plan for certain geographic areas and Cash Generating Units (CGUs). This update to the strategic plan led to the recognition of a 197 million euro net asset impairment loss following the Group's annual impairment testing of goodwill, other intangible assets and property, plant and equipment.

The main changes made to the Group's CGUs are as follows:

- Brazil became a standalone CGU in 2014, whereas in 2013 it was part of the "South America" CGU. This change was due to developments in both the general economic context in Brazil and Nexans' Brazilian operations, which have meant that the cash inflows generated in Brazil are now largely independent (within the meaning of IAS 36.68).
- Following the Group's reorganization and the implementation of its new governance structure announced on October 1, 2014, the CGUs were adapted and restructured, effective from January 1, 2015. These changes to the CGUs did not have any impact on the net asset impairment figure because the calculations were performed based on both the old and new CGU structure, with impairment losses recognized if the carrying amounts of assets were lower than their recoverable amounts.
- Australia was a standalone CGU in 2014 and was restructured effective from January 1, 2015 in view of the industrial reorganization measures put in place in the Asia-Pacific Area and the increasing interaction between Nexans' entities in that Area in terms of supplies.

Results of the impairment tests performed in 2014

The impairment tests performed in 2014 led to the recognition of an aggregate 197 million euro impairment loss related to the following CGUs:

- The "AmerCable" CGU (80 million euros): the main product lines of this CGU were adversely affected in 2014 by (i) the decrease in capital spending in the oil & gas and mining industries caused by the sharp decline in commodities prices during the past 18 months (particularly for oil in the last quarter of 2014) and (ii) the loss of a major customer in the renewable energies sector.
- The "Australia" CGU (66 million euros), comprising Nexans' operations in Australia and New Zealand acquired in December 2006: the economic outlook for Australia was revised downwards in the second half of 2014, notably due to (i) reduced capital spending by mining and oil & gas companies as a result of lower metal, mineral and oil prices, (ii) the decline in electricity consumption, (iii) the restructuring of the utilities sector, and (iv) fiercer competition from Asia.
  The Group is closely monitoring the negotiations and developments concerning free trade agreements between Australia and countries in Asia, but the 2014 impairment tests do not take into account the consequences of these agreements as they were unknown when the tests were performed.
- The "Brazil" CGU (40 million euros): Nexans' business in Brazil has declined, mainly due to the contraction in Brazil's GDP in the second half of 2014 and the electricity crisis, which drove up aluminum prices and had a negative effect on the outlook for the market as a whole. No upturn is expected over the short term in view of the weak outlook for mineral prices, the depreciation of the Brazilian real, and high interest rates and inflation.
- The "Russia" CGU (11 million euros): the highly unsettled environment in Russia has led to a more unfavorable outlook for its economy, particularly due to the sanctions imposed by the United States and the European Union, as well as the volatility of the ruble and heightened liquidity risk.

At December 31, 2014, impairment losses recorded against goodwill, other intangible assets and property plant and equipment broke down as follows:

(in millions of euros)	Amercable CGU	Australia CGU	South America CGU (excluding Brazil)	Brazil CGU	Russia CGU	China CGU
DECEMBER 31, 2014						
Goodwill	59	52	65	30	-	23
Intangible assets with indefinite useful lives	19	17	8	-	-	6
MEASUREMENT METHOD	**Value in use**	**Value in use**	**Value in use**	**Value in use**	**Fair value[1]**	**Value in use**
TOTAL IMPAIRMENT LOSSES RECOGNIZED	**(80)**	**(66)**	**-**	**(40)**	**(11)**	**-**
IMPAIRMENT LOSSES BY NON-CURRENT ASSETS						
Goodwill and intangible assets with indefinite useful lives	(57)	(44)	-	(38)	-	-
Intangible assets with finite useful lives	(23)	(22)	-	(2)	-	-
Property, plant and equipment	-	-	-	-	(11)	-
IMPAIRMENT LOSSES BY OPERATING SEGMENT						
Transmission, Distribution & Operators	-	(37)	-	(30)	(11)	-
Industry	(80)	(4)	-	-	-	-
Distributors & Installers	-	(24)	-	(10)	-	-
Other Activities	-	(1)	-	-	-	-
PERPETUITY GROWTH RATE	**2.5%**	**3.0%**	**3.0%-5.5%**	**3.5%**	**N/A**	**6.0%**
DISCOUNT RATE APPLIED	**8.0%**	**8.5%**	**8.0%-12.0%**	**9.5%**	**N/A**	**10.0%**

(1) The inputs used to measure the fair value of the Russia CGU are categorized in Level 3 of the IFRS fair value hierarchy.

Goodwill balances and movements in goodwill in 2014 can be analyzed as follows by CGU:

(in millions of euros)	Amercable CGU	Australia CGU	South America CGU (excluding Brazil)	Brazil CGU	China CGU	Other CGUs	**Total**
DECEMBER 31, 2013							
Goodwill	107	91	61	62	21	72	414
Business combinations	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment losses	(56)	(44)	-	(34)	-	-	(134)
Exchange differences	8	5	4	2	2	3	24
Other movements	-	-	-	-	-	(1)	(1)
DECEMBER 31, 2014							
Goodwill	59	52	65	30	23	74	303

The impairment tests conducted in 2013 resulted in the recognition of a 130 million euro net impairment loss, mainly relating to:

- Goodwill and other intangible assets of the "Australia" CGU, which were written down by 43 million euros and 37 million euros respectively as a result of the significant deterioration in Australia's economy that adversely affected Nexans Olex's three main market lines.
- Property, plant and equipment held by the "Russia" CGU, which encompasses all of Nexans' operations in Russia. A 7 million euro impairment loss was recorded against these assets in view of the decrease in the CGU's forecast earnings due to fiercer local competition and high trade barriers.
- Expected losses on the divestment of Indelqui and International Cables Company, which led to 26 million euros in impairment losses.
- Property, plant and equipment and financial assets located in countries with a worsening economic outlook and un unsettled political context, and investments in non-consolidated companies whose market value was lower than their carrying amount (written down by an aggregate 17 million euros).

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, 2014 compared with December 31, 2013, except for the discount rates used for (i) South Korea, which was 50 basis points lower due to a decrease in the risk-free interest rate, and (ii) Argentina, which was 100 basis points higher in view of that country's more difficult economic environment.

- Stable perpetuity growth rates for the Group's CGUs at December 31, 2014 compared with a year earlier, apart from the perpetuity growth rates used for (i) the Brazil CGU, which was 50 basis points lower due to the weaker economic outlook for that country), and (ii) the China CGU, which was 50 basis points higher.

- The cash flow assumptions used for impairment calculations were based on the latest projections approved by Group Management and therefore factor in Management's most recent estimates of the Group's future business levels (as contained in the 2015 Budget and the 2016-2017 Strategic Plan). Cash flows are projected over a five-year period for the purpose of these assumptions.

- The estimated cash flows used for the Group's impairment tests were based on five-year metal trends at end-October 2014. 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):

	Copper		Aluminium	
(Euro/tonne)	**2014**	2013	**2014**	2013
2014	N/A	5,334	N/A	1,417
2015	5,130	5,354	1,549	1,483
2016	5,030	5,352	1,556	1,542
2017	4,914	5,347	1,559	1,599
2018	4,836	5,336	1,573	1,650
2019	4,751	5,336	1,591	1,650
TERMINAL VALUE	**4,751**	**5,336**	**1,591**	**1,650**

Sensitivity analyses

The main assumptions described above were used for measuring the CGUs that were tested for impairment. In addition, the following sensitivity analyses were carried out:

- The recoverable amount of the "China" CGU would have equaled its carrying amount if the estimated EBITDA margin used had been 41 basis points lower, or if the discount rate applied had been 25 basis points higher.
- A 50 basis-point increase in the discount rates used for all the sensitive CGUs that were subject to impairment tests in 2014 for goodwill, other intangible assets and property, plant and equipment compared with the assumptions presented above would have resulted in the recognition of an additional 33 million euro impairment loss at December 31, 2014, breaking down as follows: 13 million euros for the "Australia" CGU, 10 million euros for the "AmerCable" CGU, and 10 million euros for the "Brazil" CGU.
- A 50 basis-point reduction in the EBITDA rate (operating margin without depreciation) on sales at constant metal prices compared with the assumptions used for the Group's asset impairment tests would have led to the recognition of an additional 29 million euro impairment loss at December 31, 2014, breaking down as follows: 11 million euros for the "Australia" CGU, 8 million euros for the "AmerCable" CGU, and 10 million euros for the "Brazil" CGU.
- The calculations presented above are based on metal prices observed at end-October 2014. Revised calculations based on metal prices at December 31, 2014 would not have had a material impact on the amount of impairment losses recorded in 2014.

NOTE 7: NET GAINS (LOSSES) ON ASSET DISPOSALS

(in millions of euros)	**2014**	2013
Net gains (losses) on disposals of fixed assets	21	1
Net gains (losses) on disposals of investments	2	0
Other	0	-
NET GAINS (LOSSES) ON ASSET DISPOSALS	**23**	**1**

The 21 million euro net gain recognized under "Net gains (losses) on disposals of fixed assets" primarily corresponds to gains on property, plant and equipment sold in France and Canada.

The sale of the Egyptian entity International Cable Company – which took place on April 29, 2014 – generated a gain of approximately 3 million euros in 2014. This entity was classified under "Assets and groups of assets held for sale" at December 31, 2013.

NOTE 8: OTHER FINANCIAL INCOME AND EXPENSES

(in millions of euros)	**2014**	2013
Dividends received from non-consolidated companies	1	1
Provisions	(2)	(9)
Net foreign exchange gain (loss)	(7)	8
Net interest expense on pension and other long-term employee benefit obligations[1]	(13)	(15)
Other	(5)	(4)
OTHER FINANCIAL INCOME AND EXPENSES	**(26)**	**(19)**

(1) See **Note 20.b**.

NOTE 9: INCOME TAXES

a. Analysis of the income tax charge

(in millions of euros)	**2014**	2013
Current income tax charge	(37)	(41)
Deferred income tax benefit (charge), net	5	2
INCOME TAX CHARGE	**(32)**	**(39)**

Nexans SA heads up a tax group in France that comprised 11 companies in 2014. 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 2014 and 2013:

Tax proof *(in millions of euros)*	**2014**	2013
Income (loss) before taxes	(138)	(291)
• *of which share in net income (loss) of associates*	*1*	*(1)*
INCOME (LOSS) BEFORE TAXES AND SHARE IN NET INCOME (LOSS) OF ASSOCIATES	**(139)**	**(290)**
Standard tax rate applicable in France (in %)[1]	34.43%	34.43%
THEORETICAL INCOME TAX BENEFIT (CHARGE)	**48**	**100**
Effect of:		
• Difference between foreign and French tax rates	5	(8)
• Change in tax rates for the period	1	2
• Unrecognized deferred tax assets	(58)	(115)
• Taxes calculated on a basis different from "Income before taxes"	(8)	(7)
• Other permanent differences[2]	(20)	(11)
ACTUAL INCOME TAX BENEFIT (CHARGE)	**(32)**	**(39)**
EFFECTIVE TAX RATE (IN %)	**23.41%**	**13.55%**

(1) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e. including surtaxes but excluding the exceptional temporary surcharges provided for in France's Amended Finance Act for 2014.
(2) In 2014, "Other permanent differences" included the impact of (i) the fact that the goodwill impairment losses recognized during the year were not deductible for tax purposes, and (ii) movements in the Group's provisions for antitrust investigations.

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.

c. Taxes recognized directly in other comprehensive income

Taxes recognized directly in other comprehensive income in 2014 can be analyzed as follows:

(in millions of euros)	December 31, 2013	Gains (losses) generated during the year(1)	Amounts reclassified to the income statement(1)	**Total other comprehensive income (loss)**	December 31, 2014
Available-for-sale financial assets	0	0	0	0	0
Currency translation differences	(4)	(1)	0	(1)	(5)
Cash flow hedges	12	6	3	9	21
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**8**	**5**	**3**	**8**	**16**
Actuarial gains and losses on pension and other long-term benefit obligations	27	14	-	14	41
Share of other non-recyclable comprehensive income of associates	-	-	-	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**27**	**14**	**-**	**14**	**41**

(1) 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 to 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 recycled to the income statement in the same periods as the underlying transactions to which they relate (see Notes 1.c and 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)	**December 31, 2013**	Impact on the income statement	Business combinations	Impact on equity	Exchange differences and other	**December 31, 2014**
Fixed assets	(85)	11	-	-	(5)	(79)
Other assets	(30)	(15)	-	0	6	(39)
Employee benefit obligations	78	(8)	-	14	(2)	82
Provisions for contingencies and charges	29	3	-	0	2	34
Other liabilities	15	7	-	9	0	31
Unused tax losses	448	57	-	-	0	505
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**455**	**55**	**-**	**23**	**1**	**534**
Unrecognized deferred tax assets	(417)	(50)	-	(1)	(4)	(472)
NET DEFERRED TAXES	**38**	**5**	**-**	**22**	**(3)**	**62**
• *of which recognized deferred tax assets*	*120*					*153*
• *of which deferred tax liabilities*	*(82)*					*(91)*
NET DEFERRED TAXES EXCLUDING ACTUARIAL GAINS AND LOSSES	10	5	-	8	(2)	21

At December 31, 2014 and 2013, deferred tax assets in the respective amounts of 472 million euros and 417 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 505 million euros at December 31, 2014 (448 million euros at December 31, 2013). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 164 million euros (160 million euros at December 31, 2013), of which 23 million euros were recognized in deferred tax assets at December 31, 2014 (15 million euros at December 31, 2013).
- French subsidiaries, in an amount of 161 million euros (121 million euros at December 31, 2013), 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 (see Note 1.e.f).

The potential tax benefits deriving from unused tax losses carried forward break down as follows by expiration date:

(in millions of euros)	**2014**	2013
Year y+1	3	2
Years y+2 to y+4	15	8
Year y+5 and subsequent years	487	438
TOTAL	**505**	**448**

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:

	2014	2013
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	**(168)**	**(333)**
Interest expense on OCEANE bonds, net of tax	Anti-dilutive	Anti-dilutive
ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	**(168)**	**(333)**
ATTRIBUTABLE NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**
Average number of shares outstanding	42,044,684	31,271,353
Average number of dilutive instruments(1)	0 (anti-dilutive instruments)	0 (anti-dilutive instruments)
Average number of diluted shares	42,044,684	31,271,353
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE *(in euros)*		
• basic earnings (loss) per share	(4.01)	(10.66)
• diluted earnings (loss) per share	(4.01)	(10.66)

(1) At December 31, 2014 and 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 those dates. See sections 7.7 and 8.1 of the Management Report for full details on the Group's equity instruments.

NOTE 11: INTANGIBLE ASSETS

(in millions of euros)	Trademarks	Customer relationships	Software	Intangible assets in progress	Other	**Total**
Gross value	52	188	78	14	45	377
Accumulated depreciation and impairment	-	(76)	(69)	-	(9)	(154)
NET AT DECEMBER 31, 2013	**52**	**112**	**9**	**14**	**36**	**223**
Acquisitions and capitalizations	1	-	3	10	1	15
Disposals	-	-	-	-	(0)	(0)
Depreciation expense	-	(12)	(6)	-	(1)	(19)
Impairment losses	(5)	(46)	-	-	(1)	(52)
Changes in Group structure	-	-	0	-	0	0
Exchange differences and other	4	7	4	(4)	3	14
NET AT DECEMBER 31, 2014	**52**	**61**	**10**	**20**	**38**	**181**
Gross value	57	200	80	20	51	408
Accumulated amortization and impairment	(5)	(139)	(70)	-	(13)	(227)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	Land and buildings	Plant, equipment and machinery	Property, plant and equipment under construction	Other	**Total**
Gross value	860	2,281	119	239	3,499
Accumulated depreciation and impairment	(554)	(1,622)	-	(188)	(2,364)
NET AT DECEMBER 31, 2013	**306**	**659**	**119**	**51**	**1,135**
Acquisitions and capitalizations	16	39	86	7	148
Disposals	(5)	(2)	-	(0)	(7)
Depreciation expense	(19)	(90)	-	(12)	(121)
Impairment losses	(10)	(1)	-	-	(11)
Changes in Group structure	0	2	-	0	2
Exchange differences and other	43	84	(116)	2	13
NET AT DECEMBER 31, 2014	**331**	**691**	**89**	**48**	**1,159**
Gross value	907	2,335	89	243	3,574
Accumulated depreciation and impairment	(576)	(1,644)	-	(195)	(2,415)

Also see Note 30, "Off-balance sheet commitments" for disclosures of firm commitments to purchase property, plant and equipment.

NOTE 13: INVESTMENTS IN ASSOCIATES – SUMMARY OF FINANCIAL DATA

a. Equity value

At December 31, in millions of euros	% control	2014	2013
Cabliance Maroc and Cabliance Belgique	50.00%	3	3
Qatar International Cable Company	30.33%	5	(1)
Cobrecon/Colada Continua	33.33%/41.00%	8	7
Recycables	36.50%	4	5
Nexans Kabelmetal Ghana Limited	51%	1	-
TOTAL		**21**	**14**

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	2014	2013
Property, plant and equipment and intangible assets	70	60
Current assets	94	58
TOTAL CAPITAL EMPLOYED	**164**	**118**
Equity	59	37
Net financial debt	20	16
Other liabilities	85	65
TOTAL FINANCING	**164**	**118**

Condensed income statement

At December 31, in millions of euros	2014	2013
Sales at current metal prices	212	137
Operating income	5	2
Net income (loss)	(1)	(3)

NOTE 14: OTHER NON-CURRENT ASSETS

At December 31, in millions of euros (net of impairment)	**2014**	2013
Long-term loans and receivables	42	22
Available-for-sale securities[1]	14	17
Pension plan assets	3	6
Derivative instruments	0	0
Other	14	13
TOTAL	**73**	**58**

(1) Available-for-sale securities are carried at cost.

The maturity schedule for non-current assets at December 31, 2014 is presented below, excluding (i) available-for-sale securities which correspond to shares in non-consolidated companies, and (ii) pension plan assets.

At December 31, 2014, in millions of euros	Carrying amount	> 1 to 5 years	> 5 years
Long-term loans and receivables	42	39	3
Derivative instruments	0	0	0
Other	14	4	10
TOTAL	**56**	**43**	**13**

Movements in impairment losses were as follows in 2014:

(in millions of euros)	Long-term loans and receivables	Available-for-sale securities	Other
AT DECEMBER 31, 2013	**1**	**20**	**4**
Additions	2	1	-
Disposals/Reversals	-	-	-
Other[1]	6	(3)	4
AT DECEMBER 31, 2014	**9**	**18**	**8**

(1) The "Other" line corresponds to reclassifications that had no income statement impact and changes in Group structure

NOTE 15: INVENTORIES AND WORK IN PROGRESS

At December 31, in millions of euros	**2014**	2013
Raw materials and supplies	387	324
Industrial work in progress	271	284
Finished products	495	480
GROSS VALUE	**1,153**	**1,088**
IMPAIRMENT	**(57)**	**(57)**
NET VALUE	**1,096**	**1,031**

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, 2014 and 2013 break down as follows:

At December 31, in millions of euros	**2014**	2013
ASSETS RELATED TO CONSTRUCTION CONTRACTS	**213**	**218**
• *of which "Amounts due from customers on construction contracts"*	*213*	*218*
LIABILITIES RELATED TO CONSTRUCTION CONTRACTS	**159**	**126**
• *of which "Amounts due to customers on construction contracts"*	*62*	*18*
• *of which advances received on construction contracts*	*97*	*108*
TOTAL NET ASSETS (LIABILITIES) RELATED TO CONSTRUCTION CONTRACTS	**54**	**92**

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, 2014 and 2013 can be analyzed as follows (aggregate amounts for construction contracts in progress at the year-end):

At December 31, in millions of euros	**2014**	2013
Aggregate amount of costs incurred plus profits recognized (net of any losses recognized, including any losses to completion)	2,940	2,832
Progress billings	2,789	2,632
NET BALANCE EXCLUDING ADVANCES RECEIVED	**151**	**200**
• *of which "Amounts due from customers on construction contracts"*	*213*	*218*
• *of which "Amounts due to customers on construction contracts"*	*(62)*	*(18)*

Sales at current metal prices recognized in relation to construction contracts at December 31, 2014 amounted to 736 million euros, versus 741 million euros at December 31, 2013.

There were no significant contingent liabilities relating to construction contracts at either December 31, 2014 or 2013.

The amount of retentions relating to progress billings issued totaled 55 million euros at December 31, 2014 compared with 41 million euros at December 31, 2013.

NOTE 17: TRADE RECEIVABLES

At December 31, in millions of euros	2014	2013
Gross value	1,050	1,050
Impairment	(41)	(38)
NET VALUE	**1,009**	**1,012**

At December 31, 2014 and 2013, Nexans France SAS had respectively sold 53 million euros and 75 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. 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.d** 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
2014	**38**	**10**	**(7)**	**(3)**	**3**	**41**
2013	44	10	(5)	(5)	(6)	38

Receivables more than 30 days past due at the year-end and which had not been written down were as follows:

(in millions of euros)	Between 30 and 90 days past due	More than 90 days past due
DECEMBER 31, 2014	**33**	**32**
DECEMBER 31, 2013	23	17

At December 31, 2014 and 2013 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 18: OTHER CURRENT ASSETS

At December 31, in millions of euros	2014	2013
Prepaid and recoverable income taxes	39	28
Other tax receivables	53	83
Cash deposits paid	11	8
Prepaid expenses	21	17
Other receivables, net	43	50
NET VALUE	**167**	**186**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 25.d**) are presented under "Cash deposits paid" and amounted to 5 million euros at December 31, 2014 (2 million euros at December 31, 2013).

NOTE 19: EQUITY

a. Composition of capital stock

At December 31, 2014, Nexans' capital stock comprised 42,051,437 fully paid-up shares with a par value of 1 euro each, compared with 42,043,145 shares at December 31, 2013. The Company's shares have not carried double voting rights since said rights were removed by way of a resolution passed at the Shareholders' Meeting of November 10, 2011.

b. Dividends

The Board of Directors will not propose a dividend payment for 2014 at the 2015 Annual Shareholders' Meeting. However, 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, 2015 and the date of the Annual Shareholders' Meeting that approves 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 15, 2014 to approve the financial statements for the year ended December 31, 2013, the Company's shareholders approved the Board's proposal not to pay a dividend for 2013.

c. Treasury shares

Nexans did not hold any treasury shares at either December 31, 2014 or 2013.

(1) The total payout would also be subject to any stock options that may be exercised between May 5, 2015 (the scheduled date for the 2015 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 2015 Annual Shareholders' Meeting.

d. Stock options

At December 31, 2014, there were 1,001,906 stock options outstanding, each exercisable for one Nexans share, i.e., 2.4% of the Company's capital stock. At December 31, 2013 a total of 1,408,832 options were outstanding, exercisable for 3.4% of the Company's capital stock.

The options outstanding at December 31, 2014 can be analyzed as follows:

Plan characteristics

Grant date	Number of options originally granted	Number of options granted as adjusted after the rights issue[1]	Number of options outstanding at the year-end	Exercise price *(in euros)*	Exercise price as adjusted after the rights issue[1] *(in euros)*	Exercise period
November 23, 2005	344,000	361,447	0	40.13	34.43	From Nov. 23, 2006[2] to Nov. 22, 2013
November 23, 2006	343,000	398,317	0	76.09	65.28	From Nov. 23, 2007[2] to Nov. 22, 2014
February 15, 2007	29,000	32,147	17,484	100.94	86.60	From Feb. 15, 2009[3] to Feb. 14, 2015
February 22, 2008	306,650	354,841	324,631	71.23	61.11	From Feb. 22, 2009[2] to Feb. 21, 2016
November 25, 2008	312,450	358,633	305,715	43.46	37.29	From Nov. 25, 2009[2] to Nov. 24, 2016
March 9, 2010	335,490	389,026	354,076	53.97	46.30	From March 9, 2011[2] to March 8, 2018
TOTAL	**1,670,590**	**1,894,411**	**1,001,906**			

(1) See **Note 19.i.**
(2) Vesting at a rate of 25% per year.
(3) 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 *(in euros)*
OPTIONS OUTSTANDING AT BEGINNING OF YEAR	**1,408,832**	**53.44**
Options granted during the year	-	-
Options canceled during the year	(22,330)	47.62
Options exercised during the year	(1,108)	37.29
Options expired during the year	(383,488)	65.28
OPTIONS OUTSTANDING AT THE YEAR-END	**1,001,906**	**49.05**
• of which exercisable at the year-end	1,001,906	49.05

Valuation of options

The assumptions applied to value the options impacting income for 2013 and 2014 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 (%)(1)	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)(2)	22.79	28.22	19.24 - 17.44	9.38 - 8.47	19.71 - 17.85

(1) The method used by the Group to value stock options has been fine-tuned for plans issued since 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.
(2) Since the November 25, 2008 plan the valuation has also taken 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 7.7 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. Net income of 0.4 million euros was recognized for stock options in the 2014 income statement versus a 0.5 million euro expense in 2013 (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 311,940 free shares and performance shares in 2014 and 275,000 in 2013.

At December 31, 2014 there were 763,982 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 1.8% of the Company's capital stock (587,460 at December 31, 2013, representing a total of 1.4% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2014 can be analyzed as follows:

Plan characteristics

Grant date	Number of shares originally granted	Number of shares granted as adjusted after the rights issue[1]	Number of shares outstanding at the year-end	End of vesting period
November 21, 2011	113,180	131,237	8,086	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	135,545	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	311,311	July 24, 2017 for non-French tax residents, and July 24, 2016 followed by a 2-year lock-up period for French tax residents
July 24, 2014	311,940	N/A	309,040	July 24, 2018 for non-French tax residents, and July 24, 2017 followed by a 2-year lock-up period for French tax residents

(1) See **Note 19.i**.

Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**587,460**
Shares granted during the year	311,940
Shares canceled during the year	(128,234)
Shares vested during the year	(7,184)
SHARES OUTSTANDING AT THE YEAR-END	**763,982**

Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2013 and 2014 were as follows:

Grant date	Nov. 21, 2011	Nov. 20, 2012	July 24, 2013	July 24, 2014
Share price at grant date (in euros)	37.79	33.81	40.21	34.85
Vesting period	3 to 4 years	3 to 4 years	3 to 4 years	3 to 4 years
Volatility (%)[1]	48%	43%	41%	42%
Risk-free interest rate (%)	1.50%	0.25%	0.35%	0.25%
Dividend rate (%)	2.0%	2.8%	2.8%	2.3%
Fair value of the share (in euros)	24.86 - 36.11	19.82 - 30.23	12.94 - 35.95	11.61 - 31.79

(1) Only for shares subject to a stock market performance condition.

See also section 7.7 of the Management Report.

The fair value of free shares and performance shares is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity. In the 2014 income statement this expense totaled 3 million euros (including 0.7 million euros in payroll taxes) for the 2011, 2012, 2013 and 2014 plans. In the 2013 income statement the payroll expense was 3.5 million euros (including 1.1 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 expired at December 31, 2013.

At December 31, 2014 the residual financial liability – which expires in 2016 – represented 1.5 million euros and related to 3.85% 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.

h. Employee share ownership plan

In 2014 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 January 21, 2015 and resulted in the issuance of 499,862 new shares, representing an aggregate amount of 10.2 million euros. The expense relating to this plan (representing 0.7 million euros) was recognized in 2014 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

On November 8, 2013 the Group carried out a rights issue which resulted in a capital increase of 283.8 million euros. A total of 4.5 million euros in related bank fees was 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 20: 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 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, but actuarial gains and losses are not recognized in other comprehensive income.

a. 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, 2014).

	Discount rate – 2014	**Estimated future salary increases – 2014**	Discount rate – 2013	Estimated future salary increases – 2013
France	2.00%	2.00%	3.25%	2.00%
Germany	2.00%	3.00%	3.25%	3.00%
Norway	3.50%	3.50%	3.75%	3.50%
Switzerland	1.25%	1.50%	2.00%	1.50%
Canada	3.85%	3.50%	4.50%	3.50%
United States	4.25%	3.50%	4.50%	3.50%
Australia	3.00%	3.00%	3.00%	3.50%

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.

b. Principal movements

(in millions of euros)	**2014**	2013
RETIREMENT COSTS FOR THE YEAR		
Service cost	(19)	(23)
Net interest expense	(13)	(15)
Actuarial gains/(losses) (on jubilee benefits)	(0)	(1)
Past service cost	(2)	(0)
Effect of curtailments and settlements	0	37
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	**(34)**	**(2)**
• of which operating cost	(21)	13
• of which finance cost	(13)	(15)

(in millions of euros)	**2014**	2013
VALUATION OF BENEFIT OBLIGATION		
PRESENT VALUE OF BENEFIT OBLIGATION AT JANUARY 1	**812**	**961**
Service cost	19	23
Interest expense	25	29
Employee contributions	3	3
Plan amendments	2	-
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(5)	(131)
Benefits paid	(52)	(55)
Actuarial (gains)/losses	63	11
Other (exchange differences)	17	(29)
PRESENT VALUE OF BENEFIT OBLIGATION AT DECEMBER 31	**884**	**812**

(in millions of euros)	**2014**	2013
PLAN ASSETS		
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**419**	**499**
Interest income	12	15
Actuarial gains/(losses)	16	23
Employer contributions	18	26
Employee contributions	3	3
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(5)	(94)
Benefits paid	(26)	(30)
Other (exchange differences)	15	(23)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**452**	**419**

(in millions of euros)	**2014**	2013
FUNDED STATUS		
Present value of wholly or partially funded benefit obligations	(538)	(491)
Fair value of plan assets	452	419
FUNDED STATUS OF BENEFIT OBLIGATION	**(86)**	**(72)**
Present value of unfunded benefit obligation	(346)	(321)
BENEFIT OBLIGATION NET OF PLAN ASSETS	**(432)**	**(393)**
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED	**(432)**	**(393)**
• of which pension assets	3	5

(in millions of euros)	**2014**	2013
CHANGE IN NET PROVISION		
NET PROVISION RECOGNIZED AT JANUARY 1	**393**	**462**
Expense (income) recognized in the income statement	34	2
Expense (income) recognized in other comprehensive income	47	(12)
Utilization	(43)	(51)
Other impacts (exchange differences, acquisitions/disposals, etc.)	1	(8)
NET PROVISION RECOGNIZED AT DECEMBER 31	**432**	**393**
• of which pension assets	3	5

c. Significant events of the year

Actuarial losses recognized in 2014 were primarily due to the lower discount rates applied.

The Group's employer contributions relating to defined benefit plans are estimated at 17 million euros for 2015.

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 totaled 86 million euros in 2014 and 90 million euros in 2013.

In 2013, the Group's retirement costs for the year included the impact of 37 million euros 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. Since 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 defined benefit 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 euro 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).

d. Analysis of actuarial gains and losses

Actuarial gains and losses generated on the Group's benefit obligation can be analyzed as follows:

Breakdown of actuarial gains and losses on benefit obligation	2014 in millions of euros	2014 % of DBO	2013 in millions of euros	2013 % of DBO
Discount rate	*73*	*8%*	*(2)*	*(0)%*
Salary increases	*1*	*0%*	*1*	*0%*
Mortality	*4*	*0%*	*25*	*3%*
Staff turnover	*0*	*0%*	*(0)*	*(0)%*
Other changes in assumptions	*(1)*	*0%*	*(1)*	*(0)%*
(GAINS) LOSSES FROM CHANGES IN ASSUMPTIONS	77	9%	23	3%
(GAINS) LOSSES FROM PLAN AMENDMENTS	0	0%	0	0%
(GAINS) LOSSES FROM EXPERIENCE ADJUSTMENTS	(18)	(2)%	(12)	(1)%
OTHER	4	0%	0	0%
TOTAL (GAINS) LOSSES GENERATED DURING THE YEAR	**63**	**7%**	**11**	**1%**

e. Breakdown of plan assets by category

The Group's portfolio of plan assets breaks down as follows:

At December 31	2014 (in millions of euros)	2014 %	2013 (in millions of euros)	2013 %
Equities[1]	151	33%	156	37%
Bonds and other fixed income products[1]	158	35%	129	31%
Real estate	67	15%	82	19%
Cash and cash equivalents	17	4%	15	4%
Other	59	13%	37	9%
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**452**	**100%**	**419**	**100%**

(1) All of the instruments recognized under "Equities" and "Bonds and other fixed income products" are listed.

f. Sensitivity analyses

The present value of the Group's obligation for pension and other retirement benefits is sensitive to changes in discount rates. In 2014, 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:

	2014	
	in millions of euros	**% of DBO**
Europe	720	6.20%
North America	178	6.39%
Asia	23	8.65%
Other countries	18	0.74%
TOTAL	**939**	**6.19%**

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):

	2014	
	in millions of euros	**% of DBO**
Europe	694	2.49%
North America	167	0.03%
Asia	22	4.20%
Other countries	17	(4.66)%
TOTAL	**900**	**1.92%**

g. Characteristics of the main defined benefit plans and risks associated with them

The two plans described below represent 61% of the total present value of the Group's defined benefit obligation at December 31, 2014.

Switzerland

The pension plan of Nexans Suisse SA is a contribution-based plan with a guaranteed minimum rate of return and a fixed conversion rate on retirement. It offers benefits that comply with the Swiss Federal Law on compulsory occupational benefits (the "LPP/BVG" law).

As specified in the LPP/BVG law, the plan has to be fully funded. Therefore if there is a funding shortfall, measures must be taken to restore the plan to a fully funded position, such as by the employer and/or employees contributing additional financing and/or by reducing the benefits payable under the plan.

The pension fund for Nexans Suisse SA is set up as a separate legal entity (a 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.

The weighted average life of the plan is approximately 11.6 years.

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.

The weighted average life of the plan is approximately 11.5 years.

NOTE 21: PROVISIONS

a. Analysis by nature

At December 31, in millions of euros	**2014**	2013
Accrued contract costs	38	36
Restructuring provisions	130	151
Other provisions	106	239
TOTAL	**274**	**426**
• of which short-term	162	394
• of which long-term	112	32

Movements in these provisions were as follows during 2013 and 2014:

(in millions of euros)	**TOTAL**	Accrued contract costs	Restructuring provisions	Other provisions
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**
Additions	134	11	36	87
Reversals (utilized provisions)	(138)	(6)	(48)	(84)
Reversals (surplus provisions)	(145)	(5)	(10)	(130)
Business combinations	-	-	-	-
Other	(3)	2	1	(6)
DECEMBER 31, 2014	**274**	**38**	**130**	**106**

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 29**). 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 mainly includes provisions set aside for antitrust investigations, which amounted to 200 million euros at December 31, 2013 and 80 million euros at December 31, 2014 (see **Note 29**). As explained in **Notes 2** and **29**, the 70.6 million euro fine imposed by the European Commission was paid by Nexans France on July 4, 2014.

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 51 million euros in 2014, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements(1)	Other monetary expenses	**Total**
Additions to provisions for restructuring costs	33	12	3	48
Reversals of surplus provisions	(8)	(2)	(2)	(12)
Other costs for the year	9	-	6	15
TOTAL RESTRUCTURING COSTS	**34**	**10**	**7**	**51**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

In 2014 the Group's companies pursued their implementation of cost-cutting plans drawn up previously and continued to work on new plans to effectively respond to changes in the global cable market.

Restructuring costs totaled 51 million euros in 2014, corresponding primarily to downsizing plans in Belgium, France, Germany and the Asia-Pacific region. Several plans were also put in place during the year in South America (Brazil, Chile and Peru).

"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.

As was the case in previous years, wherever possible the restructuring plans implemented by the Group in 2014 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

In 2013, restructuring costs came to 180 million euros, breaking down as follows:

(en millions d'euros)	Redundancy costs	Asset impairment and retirements(1)	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**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

This 180 million euro total for 2013 mainly included provisions recognized for downsizing plans in Europe and the Asia-Pacific region.

NOTE 22: NET DEBT

At December 31, 2014, the Group's long-term debt was rated BB- by Standard & Poor's with a stable outlook (BB with a negative outlook at December 31, 2013).

a. Analysis by nature

At December 31, in millions of euros	Notes	2014	2013
ORDINARY BONDS[1]	22.b	**596**	**595**
CONVERTIBLE BONDS[1]	22.b	**452**	**445**
Other long-term borrowings[1]		9	9
Short-term borrowings and short-term accrued interest not yet due		190	256
Short-term bank loans and overdrafts		23	19
GROSS DEBT		**1,270**	**1,324**
Short-term financial assets		-	-
Cash		(546)	(605)
Cash equivalents		(264)	(382)
NET DEBT		**460**	**337**

(1) Excluding short-term accrued interest not yet due.

Since the second quarter of 2010, short-term borrowings have included a securitization program (the "On-Balance Sheet" program) set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 110 million euros (see Note 17).

b. Bonds

At December 31, in millions of euros	Carrying amount	Face value at issue date	Maturity date	Nominal interest rate	Strike price *(in euros)*
OCEANE 2016 convertible/ exchangeable bonds	212	213	January 1, 2016	4.00%	53.15
OCEANE 2019 convertible/ exchangeable bonds	255	275	January 1, 2019	2.50%	72.74
TOTAL CONVERTIBLE BONDS[1]	**467**	**488**			
Ordinary bonds redeemable in 2017	362	350	May 2, 2017	5.75%	N/A
Ordinary bonds redeemable in 2018	256	250	March 19, 2018	4.25%	N/A
TOTAL ORDINARY BONDS[2]	**618**	**600**			

(1) Including 15 million euros in short-term accrued interest at December 31, 2014.
(2) Including 22 million euros in short-term accrued interest at December 31, 2014.

At December 31, 2014, 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). The indentures for both bond issues include early redemption options exercisable by the bondholders (on January 1, 2015 or the first business day thereafter for the OCEANE 2016 bonds and June 1, 2018 or the first business day thereafter for the OCEANE 2019 bonds). On January 1, 2015 this option was only exercised for 388 bonds out of the total 4,000,000 OCEANE 2016 bonds issued. Consequently, in accordance with IAS 39 (AG8), the amortized cost of the OCEANE 2016 bonds has been revised to reflect cash flows based on the new effective maturity date. This resulted in the recognition of 8.8 million euros in income under "Cost of debt". At December 31, 2014, the OCEANE 2016 bonds were classified as long-term debt.

In accordance with IAS 32, the portion of the 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.

Consolidated statement of financial position

At December 31, in millions of euros	**2014**	2013
EQUITY COMPONENT (RETAINED EARNINGS AND OTHER RESERVES), BEFORE TAX	78	78
Convertible bonds (liability component)	395	401
Accrued interest	72	59
FINANCIAL LIABILITIES	**467**	**460**

Income statement

(in millions of euros)	**2014**	2013
Contractual interest paid	(15)	(15)
Additional interest calculated at interest rate excluding the option	(7)	(15)
TOTAL FINANCIAL EXPENSE	**(22)**	**(30)**

c. Analysis of gross debt by currency and interest rate

Long-term debt (excluding short-term accrued interest not yet due)

	Weighted average EIR[1] (%)		In millions of euros	
At December 31	**2014**	2013	**2014**	2013
OCEANE 2019 convertible/exchangeable bonds	5.73	5.73	248	241
OCEANE 2016 convertible/exchangeable bonds	8.48	8.48	204	204
Ordinary bonds redeemable in 2017	5.95	5.95	348	348
Ordinary bonds redeemable in 2018	4.53	4.53	248	247
Other	1.12	1.13	9	9
TOTAL	**6.01**	**6.00**	**1,057**	**1,049**

(1) 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[1] (%)		In millions of euros	
At December 31	**2014**	2013	**2014**	2013
Euro (excluding OCEANE convertible/exchangeable bonds)	2.23	1.71	41	57
US dollar	3.48	3.37	20	30
Other	6.31	5.81	114	147
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST	**5.04**	**4.49**	**175**	**234**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	38	41
TOTAL SHORT-TERM DEBT	**5.04**	**4.49**	**213**	**275**

(1) Effective interest rate.

At December 31, 2014, 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 (China), the Middle East/North Africa (Turkey and Morocco), 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, 2014

	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	40	-	-	350	60
Bonds redeemable in 2018	-	11	250	32	-	-	250	43
OCEANE 2016 convertible/ exchangeable bonds	0	8	213	9	-	-	213	17
OCEANE 2019 convertible/ exchangeable bonds	-	7	275	27	-	-	275	34
Other long-term borrowings	-	-	6	0	3	-	9	0
Short-term borrowings including short-term bank loans and overdrafts	175	4	-	-	-	-	175	4
TOTAL	**175**	**50**	**1,094**	**108**	**3**	**-**	**1,271**	**158**

Notes concerning the preparation of the maturity schedule:

- Only 388 out of the total 4,000,000 OCEANE 2016 bonds issued were redeemed in advance on January 1, 2015. Consequently, the effective maturity date of the remaining bonds is January 1, 2016.
- It is assumed that the OCEANE 2019 convertible/exchangeable bonds will be redeemed at January 2, 2019.
- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material for the Group as a whole.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2014.
- 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 2015.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2014 for variable-rate borrowings (see **Note 22.c** above).

NOTE 23: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

At December 31, in millions of euros	**2014**	2013
TRADE PAYABLES	**1,162**	**1,108**
Social liabilities	219	205
Current income tax payables	31	25
Other tax payables	27	37
Deferred income	3	7
Other payables	38	42
OTHER CURRENT LIABILITIES	**318**	**316**

At December 31, 2014, trade payables included approximately 202 million euros (159 million euros at December 31, 2013) related to copper purchases whose payment periods can be longer than usual for such supplies.

Amounts due to suppliers of fixed assets amounted to 14 million euros at December 31, 2014 (12 million euros at December 31, 2013).

NOTE 24: DERIVATIVE INSTRUMENTS

Notional amounts and market value (in millions of euros)	December 31, 2014							December 31, 2013		
	Notional amounts					Market value		Notional amounts	Market value	
	USD	NOK	EUR	Other	**Total**	Assets	Liabilities		Assets	Liabilities
FOREIGN EXCHANGE DERIVATIVES – CASH FLOW HEDGES[1]						**28**	**23**		**17**	**37**
Forward sales	267	340	434	439	**1,480**			1,287		
Forward purchases	236	700	335	204	**1,475**			1,266		
FOREIGN EXCHANGE DERIVATIVES – HELD FOR TRADING[1]						**14**	**45**		**10**	**8**
Forward sales	690	42	437	373	**1,542**			1,222		
Forward purchases	521	36	665	299	**1,521**			1,226		
METAL DERIVATIVES – CASH FLOW HEDGES[1]						**1**	**15**		**6**	**6**
Forward sales	14	0	16	10	**40**			83		
Forward purchases	164	0	88	12	**264**			287		
METAL DERIVATIVES – HELD FOR TRADING[1]						**0**	**3**		**0**	**0**
Forward sales	43	0	7	6	**56**			46		
Forward purchases	53	0	26	23	**102**			47		
TOTAL						**43**	**86**		**33**	**51**

(1) Within the meaning of IAS 32/39. Nexans' derivative instruments primarily correspond to foreign exchange derivatives used to hedge intra-Group borrowings. Gains or losses arising on the fair value remeasurement of the derivatives are offset by the losses or gains arising on remeasurement of the underlying hedged items, which are recognized as financial income or expenses.

- Foreign exchange derivatives

  In 2014 the Group recorded a 2 million euro loss relating to the ineffective portion of its foreign exchange derivatives classified as cash flow hedges. In the consolidated income statement this loss is included in "Other financial income and expenses" for the operations component of the hedge and in "Cost of debt (net)" for the financial component.

  An aggregate 44 million euro loss was recognized in the consolidated statement of comprehensive income for foreign exchange derivatives designated as cash flow hedges, and a 22 million euro loss was reclassified to the income statement in 2014.

- Metal derivatives

  The ineffective portion of gains or losses arising on the fair value remeasurement of metal derivatives designated as cash flow hedges is recognized in "Changes in fair value of non-ferrous metal derivatives" in the consolidated income statement, and represented a nil amount in 2014.

  An aggregate 21 million euro loss was recognized in the consolidated statement of comprehensive income in 2014 for metal derivatives designated as cash flow hedges and a 7 million euro loss was reclassified to the income statement.

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 changes in 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, 2014 are located in Turkey, 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 their choice of banks and foreign exchange and interest rate risk management.

The Group's risk management policy for non-ferrous metals is also determined and overseen on a centralized basis for the Group as a whole. The Metals Management Department centralizes subsidiaries' use of metals markets and places their orders for them. At December 31, 2014, only subsidiaries in Australia, New Zealand and China had direct access to such markets.

a. Liquidity risks

Group financing

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 22** for the definition of net debt).

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, 2014, 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.

Main sources of 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 (see **Note 22**).
- Issues of ordinary bonds maturing in 2017 and 2018 (see **Note 22**).
- A medium-term syndicated credit facility representing an initial amount of 540 million euros and increased by 57 million euros to 597 million euros in February 2013. The increase was carried out by introducing a new bank lender, without amending any of the other provisions of the syndicated loan agreement.
- Receivables securitization and factoring programs, including:
  - An "On Balance Sheet" program (see **Note 17**) and an "Off Balance Sheet" program, under which the outstanding amount of sold receivables is currently capped at 25 million euros. This program is renewable every six months. The transfer of the risks and rewards of ownership of these receivables does not give rise to any risk of dilution. At December 31, 2014 and December 31, 2013, financed receivables under the Off Balance Sheet program represented an outstanding amount of 19 million euros.
  - A factoring program set up in Norway under which the amount of sold receivables is capped at 50 million euros.
- Local credit facilities.

Covenants and acceleration clauses

The 597 million euro syndicated credit facility, which expires on December 1, 2016, contains the following covenants:

- the consolidated net debt to equity ratio (including non-controlling interests) must not exceed 1.10; and
- consolidated debt was capped at 3.5x EBITDA between January 1, 2013 and December 31, 2014 and at 3x thereafter.

For the purpose of this calculation EBITDA is defined as operating margin before depreciation.
These ratios were well within the specified limits at both December 31, 2014 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.

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, 2014 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, 2014 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 limited and amounted to 634 million euros at December 31, 2014 and 752 million euros at December 31, 2013.

The Group did not have any interest rate hedges in place at either December 31, 2014 or December 31, 2013.

	2014			2013		
At December 31, in millions of euros	Current	Non-current	Total	Current	Non-current	Total
Variable rate						
Financial liabilities(1)	176	5	181	235	5	240
Cash and cash equivalents	(810)	-	(810)	(987)	-	(987)
NET VARIABLE RATE POSITION	**(634)**	**5**	**(629)**	**(752)**	**5**	**(747)**
Fixed rate						
Financial liabilities(1)	37	1,052	1,089	40	1,044	1,084
Cash and cash equivalents	-	-	-	-	-	-
NET FIXED RATE POSITION	**37**	**1,052**	**1,089**	**40**	**1,044**	**1,084**
NET DEBT	**(597)**	**1,057**	**460**	**(712)**	**1,049**	**337**

(1) Including the short-term portion of accrued interest not yet due on long-term debt.

c. Foreign exchange and 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.

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.

The Group's policy is to hedge its foreign exchange and non-ferrous metal price risks on cash flows relating to (i) foreseeable significant contractual commercial transactions, and (ii) certain forecast transactions. The 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 and they are overseen by the Metals Management Department for metal hedges and the Treasury and Financing Department for foreign exchange hedges.

The Group's foreign exchange risk exposure primarily relates to transactions (purchases and sales). The Group considers that it only has low exposure to foreign exchange risk on debt. However, other than in exceptional cases, when debt is denominated in a currency that is different to the Group's functional currency the inherent foreign exchange risk is hedged.

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.

Methods used to manage and hedge exposure to foreign exchange risk

The Group verifies that its procedures for managing foreign exchange risk are properly applied by means of quarterly 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' estimated future cash flows in each currency and the related hedges that have been set up, as well as a reconciliation between actual figures and previous forecasts.

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.

In addition, 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 loss 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 cash pool 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.

Methods used to manage and hedge exposure to metal risks

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 checks 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.

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.

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.

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.

d. 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, 2014, 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 2014. 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 limited – to obtain credit risk coverage in Greece, Argentina, Morocco and Russia.

Foreign exchange derivatives

In accordance with Group policy, in order to keep counterparty risk as low as possible, entities that wish to set up foreign exchange derivatives expiring in more than one year are only authorized 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 expiring in less than one year, the banks used must have been assigned 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, foreign exchange derivatives involving counterparty risk can only be set up with branches or subsidiaries of banking groups whose parent company satisfies the above risk criteria.

Counterparty risk for these Group subsidiaries is subject to a specific monthly monitoring process that tracks the external commitments made by each subsidiary in relation to foreign exchange hedges.

Based on a breakdown by maturity of notional amounts at December 31, 2014 (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 cash pool) is to very short-term maturities:

	2014		2013	
At December 31, in millions of euros	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,901	2,932	2,446	2,463
Between 1 and 2 years	95	90	45	46
Between 2 and 3 years	-	-	1	1
Between 3 and 4 years	-	-	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**2,996**	**3,022**	**2,492**	**2,509**

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, 2014 – its Australian, New Zealand and Chinese entities. 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 4.9 million euros at December 31, 2014 and 5.3 million euros at December 31, 2013.

At December 31, in millions of euros	**2014** Notional amounts Buyer positions	**2014** Notional amounts Seller positions	2013 Notional amounts Buyer positions	2013 Notional amounts Seller positions
Within 1 year	302	96	291	129
Between 1 and 2 years	62	0	42	0
Between 2 and 3 years	2	-	1	0
Between 3 and 4 years	-	-	0	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**366**	**96**	**334**	**129**

Cash deposited to meet margin calls on copper forward purchases whose fair value was negative at the year-end (see **Note 18**) amounted to 5 million euros at December 31, 2014 (2 million euros at December 31, 2013).

In conclusion, the Group has limited 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 deposits and investments of Nexans Services' cash surpluses placed with banks at December 31, 2014. These Nexans Services deposits and investments amounted to an aggregate 437 million euros at that date, representing 54% of the Group total.

At December 31, in millions of euros

COUNTERPARTY RATING	**AA-**	**A+**	**A**	**A-**	**BBB**	**Money market funds (SICAV)**	**Total**
Cash on hand	14	58	(39)	17	-	-	50
Short-term money market funds (OPCVM)(1)	-	-	-	-	-	241	241
Certificates of deposit/EMTN	-	50	93	-	3	-	146
TOTAL	**14**	**108**	**54**	**17**	**3**	**241**	**437**

(1) 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**.

e. 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 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, 2014 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.
- 98,000 tons and 105,000 tons of copper included in working capital requirement at December 31, 2014 and 2013 respectively.
- Short-term interest rate (3-month Euribor) of -0.02% in 2014 and 0.2% in 2013.
- 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 or the effect of changes in exchange rates).
- 58,425 tons of copper classified as Core exposure at December 31, 2014 (58,825 tons at December 31, 2013).
- A theoretical income tax rate of 34.43% for 2014 and 2013.

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)	**2014**	2013
Impact on operating income	34	32
Impact on net financial expense	0	(0)
NET IMPACT ON INCOME (AFTER TAX)	**22**	**21**
IMPACT ON EQUITY[2] (AFTER TAX)	**13**	**12**

(1) Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.
(2) 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, 2014 and 2013, e.g., using US dollar/euro exchange rates of 1.34 and 1.52 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, 2014 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	(12)	N/A
Bank accounts	(3)	N/A
Trade payables	14	N/A
Loans/borrowings	(11)	-
NET POSITION – USD UNDERLYINGS[3]	**(12)**	**-**
Portfolio of forward purchases[4]	(37)	(4)
Portfolio of forward sales[4]	41	11
NET POSITION – USD DERIVATIVES	**4**	**7**
NET IMPACT ON THE GROUP	**(8)**	**7**

Sensitivity at December 31, 2013 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
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[4]	(15)	(22)
Portfolio of forward sales[4]	28	18
NET POSITION – USD DERIVATIVES	**13**	**(4)**
NET IMPACT ON THE GROUP	**6**	**(4)**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(4) 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 NOK/euro exchange rates of 9.9 and 9.2 at December 31, 2014 and 2013 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2014 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	0.4	N/A
Bank accounts	1.3	N/A
Trade payables	(1.6)	N/A
Loans/borrowings	(1.7)	-
NET POSITION – NOK UNDERLYINGS	**1.8**	**-**
Portfolio of forward purchases[3]	0.7	-
Portfolio of forward sales[3]	(1.1)	15
NET POSITION – NOK DERIVATIVES	**(0.4)**	**15**
NET IMPACT ON THE GROUP	**1.4**	**11**

Sensitivity at December 31, 2013 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
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[3]	2.1	0
Portfolio of forward sales[3]	1.0	0
NET POSITION – NOK DERIVATIVES	**3.1**	**0**
NET IMPACT ON THE GROUP	**2.6**	**0**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

NOTE 26: 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:

At December 31, in millions of euros	IAS 39 category	Fair value hierarchy level	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
ASSETS						
Available-for-sale securities	Available-for-sale financial assets		14	14	17	17
Other non-current financial assets	Loans and receivables		56	56	35	35
Commercial receivables						
• Amounts due from customers on construction contracts	Loans and receivables		213	213	218	218
• Trade receivables	Loans and receivables		1,009	1,009	1,012	1,012
Derivative instruments[1]	Financial assets at fair value through profit or loss	Foreign exchange: 2	42	42	27	27
		Metal: 1	1	1	6	6
Other current financial assets	Loans and receivables		107	107	141	141
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2	264	810	382	987
		Other: 1	546		605	
LIABILITIES						
Gross debt						
• Convertible bonds	Financial liabilities at amortized cost		467	483	460	519
• Ordinary bonds	Financial liabilities at amortized cost		618	657	620	660
• Other financial liabilities	Financial liabilities at amortized cost		185	185	244	244
Commercial payables						
• Amounts due to customers on construction contracts	Financial liabilities at amortized cost		159	159	126	126
• Trade payables	Financial liabilities at amortized cost		1,162	1,162	1,108	1,108
Derivative instruments[1]	Financial liabilities at fair value through profit or loss	Foreign exchange: 2	68	68	45	45
		Metal: 1	18	18	6	6
Other current financial liabilities	Financial liabilities at amortized cost		284	284	284	284

(1) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Derivatives not designated as cash flow hedges are carried at fair value through profit or loss.

At December 31, 2014, 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, 2014 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, 2014 (25.41 euros).
ii. The spot price of the OCEANE bonds at December 31, 2014 (54.4 euros and 70.3 euros for the OCEANE 2016 bonds and OCEANE 2019 bonds respectively).

iii. A one-year euro swap rate of 0.15% for the OCEANE 2016 bonds and a four-year euro swap rate of 0.28% for the OCEANE 2019 bonds. The term applied corresponds to the term of the investors' put options on the convertible bonds.
iv. A one-year credit spread of 130 basis points for the OCEANE 2016 bonds, based on 30% implicit volatility, and a four-year credit spread of 330 basis points for the OCEANE 2019 bonds, based on a 30% 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 the Group's OCEANE bonds at December 31, 2013 was determined 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.

b. Calculations of net gains and losses

	Net gains (losses)					
		On subsequent remeasurement				
2014 *(in millions of euros)*	Interest	Fair value adjustments	Currency translation differences	Impairment	On disposal	2014 total
OPERATING ITEMS						
Receivables	-	N/A	27	(7)	-	20
Financial assets and liabilities at fair value through profit or loss	N/A	(9)	N/A	N/A	N/A	(9)
Financial liabilities at amortized cost	-	N/A	(29)	-	N/A	(29)
Cost of hedging						*2*
SUB-TOTAL – OPERATING ITEMS	**0**	**(9)**	**(2)**	**(7)**	**0**	**(15)**
FINANCIAL ITEMS						
Available-for-sale financial assets	-	-	N/A	(1)	-	(1)
Loans	0	N/A	36	(1)	-	35
Financial assets and liabilities at fair value through profit or loss	N/A	(37)	N/A	N/A	N/A	(37)
Financial liabilities at amortized cost	(75)	N/A	3	0	N/A	(72)
Cost of hedging						*(4)*
SUB-TOTAL – FINANCIAL ITEMS	**(74)**	**(37)**	**39**	**(2)**	**0**	**(79)**
TOTAL	**(74)**	**(46)**	**37**	**(9)**	**0**	**(93)**

- Gains and losses corresponding to interest are recorded under "Cost of debt (net)" when they relate to items included in consolidated net debt (see **Note 22**).

- Gains and losses arising from currency translation differences are recorded under "Other financial income and expenses" when they relate to operating items as classified in the table above, or under "Cost of debt (net)" if they relate to items included in consolidated net debt.

- Impairment losses on loans are recognized as financial expenses and impairment losses on operating receivables are recognized as operating expenses.

- The accounting treatment of changes in fair value of derivatives is described in Note 24 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 positive 9 million euros in 2014 and a negative 2 million euros in 2013. These amounts are calculated taking into account interest received and paid on the instruments concerned, as well as realized and unrealized gains.

NOTE 27: OPERATING LEASES

Future minimum payments under non-cancelable operating leases were as follows at December 31, 2014 and 2013:

(in millions of euros)	Total	Payments due by maturity		
		Within 1 year	Between 1 and 5 years	Beyond 5 years
AT DECEMBER 31, 2014	**82**	**31**	**46**	**5**
AT DECEMBER 31, 2013	97	32	59	6

NOTE 28: RELATED PARTY TRANSACTIONS

Related party transactions primarily concern commercial or financial transactions carried out with the Invexans group (owned by the Quiñenco group) – Nexans' principal shareholder – as well as with associates, non-consolidated companies, and directors and key executives (whose total compensation is presented in the table set out in Note 28.d below).

a. Income statement

The main income statement items affected by related party transactions in 2014 and 2013 were as follows:

(in millions of euros)	**2014**	2013
REVENUE		
• Non-consolidated companies	53	61
• Joint ventures	-	-
• Associates	11	1
COST OF SALES		
• Non-consolidated companies	(3)	(6)
• Joint ventures	-	-
• Associates	(5)	(14)

b. Statement of financial position

The main items in the statement of financial position affected by related party transactions in 2014 and 2013 were as follows:

At December 31, in millions of euros	**2014**	2013
ASSETS		
• Non-consolidated companies	8	17
• Joint ventures	-	-
• Associates	7	9
FINANCIAL LIABILITIES/(RECEIVABLES)		
• Non-consolidated companies	(9)	(6)
• Joint ventures	-	-
• Associates	-	(4)
OTHER LIABILITIES		
• Non-consolidated companies	1	1
• Joint ventures	-	-
• Associates	16	11

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 and Compensation 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. The agreement entered into on March 27, 2011 and amended on November 26, 2012 was terminated on May 22, 2014. On that date Invexans gave the Company a long-term undertaking that it would not request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

At December 31, 2014, the Quiñenco group (through Invexans) held around 28% of Nexans SA's capital and voting rights (26.55% at December 31, 2013).

At December 31, 2014 the main contractual relations between Nexans and the Quiñenco group concerned agreements related to the contract dated February 21, 2008 for the above-mentioned acquisition of the Quiñenco group's cables business, as amended by an 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, 2014.

In addition, a settlement agreement was signed on November 26, 2012 relating to the payment due under the seller's warranty granted by the Quiñenco group under the purchase agreement of February 21, 2008. A further two settlement agreements were entered into on August 21, 2014 and November 26, 2014 in order to enable Nexans to benefit from a tax amnesty program in Brazil (see also Note 30 and, for the second settlement agreement, the 2014 Statutory Auditors' report on related party agreements and commitments).

The impact of the above-mentioned commercial agreements on the income statement and statement of financial position is included in the tables set out in Note 28.a and Note 28.b above. Invexans paid the Group's Brazilian subsidiary almost 9 million euros (23 million Brazilian reals) under the above-mentioned settlement agreements in 2014.

d. Compensation of Key Management personnel

Due to the October 1, 2014 reorganization of the Company's governance structure, the definition of the Group's "Key Management personnel" has changed. In 2013 and until October 1, 2014, Key Management personnel corresponded to members of the Group Management Council. As from October 1, 2014, Key Management personnel correspond to corporate officers and members of the Management Board.

Total compensation

Total compensation paid to the Group's Key Management personnel can be analyzed as follows:

(en millions d'euros)	**2014**	2013
Compensation for corporate officer positions(1)	1.2	1.5
Directors' fees(1)	0.0	0.0
Compensation under employment contracts and benefits in kind(1)	8.1	9.8
Stock options(2)	0.0	0.2
Performance shares(2)	2.0	1.0
Termination benefits(1)	-	-
Long-term incentive plan(2)	0.2	0.3
Accruals for pension and other retirement benefit obligations(3)	6.2	5.4
TOTAL COMPENSATION	**17.7**	**18.2**

(1) Amounts paid during the year, including payroll taxes.
(2) Amounts expensed in the income statement during the year.
(3) For defined benefit plans this item includes the service cost and interest expense for the year.

Additional information on the compensation of Key Management personnel (corporate officers and members of the Management Board)

- Changes in the Company's governance structure:
  - Arnaud Poupart-Lafarge joined the Group on July 26, 2013 as Chief Operating Officer and was a member of the Management Council. On May 15, 2014, the Shareholders' Meeting approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer. Following this decision, Frédéric Vincent remained in his role as Chairman of the Board and Arnaud Poupart-Lafarge became Chief Executive Officer.
  - Frédéric Michelland stepped down from the Management Council on his departure from the Group on November 30, 2013.

The Group's total obligation for pensions and other retirement benefits relating to Key Management personnel (net of plan assets) amounted to 7 million euros at December 31, 2014, (compared with 27 million euros at December 31, 2013 for the members of the Management Council).

- On July 24, 2013, the Board of Directors adopted a new long-term compensation plan for the Group's key managers and executives. 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 Executives, a 0.2 million euro provision was recognized at December 31, 2014 in relation to the long-term compensation plan, and 2 million euros were expensed during the year for performance shares.

Commitments given to the Chairman of the Board of Directors

All of the commitments given to Frédéric Vincent in his capacity as Chairman of the Board of Directors are described in detail in section 7.5 of the Management Report.

As Chairman of the Board of Directors, Frédéric Vincent has received the following commitments from the Company, which were authorized at the Board Meeting of July 24, 2014:

- If Frédéric Vincent is removed from his position as Chairman of the Board of Directors, he will be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity is subject to three performance conditions, two of which relate to the Group's financial performance and the third 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 these 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 any of the Company's businesses for a period of two years from the end of his term of office as Chairman of the Board of Directors, 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 equal 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.

In accordance with paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 23.2.5 of the AFEP-MEDEF Corporate Governance Code, Frédéric Vincent's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

A 2.0 million euro provision has been set aside for these commitments in the consolidated financial statements.

If Frédéric Vincent retired he would be entitled to 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 compensation table presented above.

Commitments given to the Chief Executive Officer

All of the commitments given to Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer are described in detail in section 7.6 of the Management Report.

As Chief Executive Officer, Arnaud Poupart-Lafarge has received the following commitments from the Company, which were authorized at the Board Meeting of July 24, 2014:

- If Arnaud Poupart-Lafarge is removed from his position as Chief Executive Officer, he will be entitled to payment of a termination indemnity representing two years' worth of his total fixed and variable compensation. This indemnity is subject to three performance conditions, two of which relate to the Group's financial performance and the third 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 these 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 any of the Company's businesses for a period of two years from the end of his term of office as Chief Executive Officer, Arnaud Poupart-Lafarge 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 equal 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.

In accordance with paragraph 3 of the Appendix to the Internal Regulations of the Board of Directors and Article 23.2.5 of the AFEP-MEDEF Corporate Governance Code, Arnaud Poupart-Lafarge's total termination payments – i.e., termination and non-compete indemnities – may not exceed two years' worth of his actual compensation (fixed plus variable) received prior to his departure.

A 3.6 million euro provision has been set aside for these commitments in the consolidated financial statements.

If Arnaud Poupart-Lafarge retired, he would be entitled to 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 compensation table presented above.

NOTE 29: DISPUTES AND CONTINGENT LIABILITIES

a. Antitrust investigations

On 7 April 2014, Nexans France SAS and the Company were notified of the European Commission's decision in the high voltage power cable sector which found that Nexans France SAS had participated directly in an infringement of the European Competition laws in the high voltage underground and submarine power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and Nexans have filed an appeal of the decision before the General Court.

During the first half of 2014, Nexans France SAS has booked a debt of 70.6 million euros for payment of the fine which was made in the beginning of July 2014 (thus within the 90 days since the receipt of the notification of the decision as provided for in European regulations). It also booked a provision for risks of 80 million euros, for:

- costs of eventual follow on actions in Europe (if the decision of the European Commission having not taken into account the lack of effects on customers which it is not required to find in order to impose sanctions),
- other consequences related to this decision, which found that there was a cartel covering much of the world, and related to other recent developments in countries where investigations or procedures are currently ongoing in the same business sector, that is United States, Canada, Brazil, Australia and South Korea (other than ongoing investigations into local activity as described below).

The provision is based on assumptions about consequences in similar cases as well as on the management's estimations based on the information available today. There therefore remains uncertainty as to the amount of the risk linked to eventual claims and fines in the other countries where investigations or procedures are currently ongoing. The final costs related these risks could thus be significantly different from the amount of the provision constituted at 30 June 2014.

In addition, as described in previous period consolidated accounts, Nexans' Korean subsidiaries are involved in proceedings and investigations by local antitrust authorities in relation to activities other than high-voltage cables. Six administrative and criminal proceedings were commenced in 2007 and an additional case in 2013. To date, these subsidiaries have paid fines of approximately 4 million euros in relation to the 2007 investigations ; a 7 million euro provision has been maintained in the financial statements at year-end 2014 to cover customer claims following the decisions handed down in these procedures.
In January 2015, a Korean civil court issued a judgment with respect to one of the customer claims relating to the 2007 cases which would result in the Korean subsidiaries of Nexans paying the equivalent of 2 million euro. The judgment by the customer is subject to appeal.
There has been a criminal conviction in 2014 of both the Korean subsidiary and a former executive, in relation to the 2013 procedure, for which the Korean subsidiary paid a fine in an insignificant amount.

Nexans local subsidiaries are cooperating with local Korean authorities in additional investigations into businesses other than the high voltage business for which no administrative or court decisions have yet been taken. The Group cannot estimate at this stage the amount of risk relating to these still outstanding investigations and eventual customer claims.

Finally, the Group's Australian subsidiary Olex Australia Pty Ltd has been informed of the commencement of court proceedings by the Australian Competition and Consumer Commission. The proceedings involve cable wholesalers and manufacturers in Australia, including Olex. The proceedings relate to 2011 initiatives to deal with supply chain inefficiencies involving Olex's wholesaler customers for low voltage cables, which the ACCC alleges involve competition law violations.
Olex intends to defend the proceedings, and has not constituted a provision for this proceeding.

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 the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. 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. The most significant of such cases are as follows:

- A previously reported case has been resolved in favor of the group company. This case relates to the performance of a contract for high-voltage submarine cables where in 2009 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 claimed 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 claimed from the subcontractor compensation for losses caused by the accident (notably delays in the project) in an arbitration in Singapore, which has been decided in favor of the Nexans 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, 2014 and December 31, 2013 do not individually represent sufficiently material amounts 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 has reduced its claim to approximately 33 million pounds sterling. The Group's subsidiary 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 lodged infringement lawsuits against Nexans Inc. Nexans was successful in invalidating the patents in reexamination proceedings before the US Patent and Trademark Office ; Belden has appealed.

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 2014, 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 30: OFF-BALANCE SHEET COMMITMENTS

The Group's off-balance sheet commitments that were considered material at December 31, 2014 and 2013 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 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, 2014, 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 14 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 less than 12 months at December 31, 2014 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 21 and Note 29).

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. At December 31, 2014 the residual amount in this escrow account was 7 million US dollars.

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 accordance with IFRS 3.

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 23.6 million Brazilian reals (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, will remain governed by the terms of previous agreements entered into between the parties. Two settlement agreements were signed in 2014 – one on August 21 and the other on November 26 – in order to enable Nexans to benefit from a tax amnesty in Brazil.

At December 31, 2014 the payments provided for under the above-described settlement agreements had been made and no issues covered by the agreements were still pending.

b. Commitments related to the Group's financing

Commitments given

- The Group had no outstanding pledged collateral at either December 31, 2014 or 2013.
- 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, 2014.

Commitments received

At December 31, 2014 the Group had access to a 597 million euro syndicated loan expiring on December 1, 2016, none of which had been drawn down (see Note 25.a for further details).

As described in Note 30.a above, in April 2010 Nexans set up a receivables securitization program. The program's maximum term is five years and the amount of receivables that may be sold has been capped at 250 million euros (see Note 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	**2014**	2013	Note
COMMITMENTS GIVENS			
Forward purchases of foreign currencies[1]	2,996	2,492	Note 24
Forward purchases of metals	366	334	Note 24
Firm commitments to purchase property, plant and equipment	38	40	
Commitments for third-party indemnities	2,161	2,065	See (1) below
Take-or-pay copper purchase contracts (in tons)	116,451	126,100	See (2) below
Future minimum payments under non-cancelable operating leases	82	97	Note 27
COMMITMENTS RECEIVED			
Forward sales of foreign currencies[1]	3,022	2,509	Note 24
Forward sales of metals	96	129	Note 24
Commitments to sell copper at firm prices	99,883	102,807	See (2) below
Other commitments received	144	68	

(1) 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 (779 million euros and 706 million euros at December 31, 2014 and 2013 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 21 and Note 29).
- At December 31, 2014 the Group had granted parent company guarantees in an amount of 1,383 million euros (1,359 million euros at December 31, 2013). 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.

NOTE 31: MAIN CONSOLIDATED COMPANIES

The table below lists the main entities included in the Group's scope of consolidation at December 31, 2014.

Companies by geographic area	% control	% interest	Consolidation method[1]
FRANCE			
Nexans S.A.[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 SA	100%	100%	
Nexans Harnesses	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services[3]	100%	100%	
Opticable SA 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 SA	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 SA[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 Colombia	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	91.15%	91.15%	
Nexans Maroc[2]	83.59%	83.59%	
Sirmel Maroc	84.83%	70.91%	
Cabliance Maroc	50%	50%	Equity method
Qatar International Cable Company	30.33%	30.33%	Equity method
Nexans Kabelmetal Ghana Ltd	51%	51%	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	99.51%	99.51%	
Kukdong Electric Wire Co. Ltd	97.90%	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 in this list 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, China 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 32: SUBSEQUENT EVENTS

A total of 499,862 new shares were issued under the employee share issue carried out for the Act 2014 plan (described in section 1.2.8.c of the Management Report). Of this amount, 399,977 shares were subscribed by the Group's employees through the corporate mutual fund, and the remaining 99,885 shares were subscribed by Société Générale for the purposes of the alternative formula offered in the plan. The per-share subscription price was 20.39 euros (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding the pricing date). This resulted in an overall capital increase, including the premium, of around 10.2 million euros.

Following the completion of Act 2014, the proportion of the Company's capital owned by employees was 4.2% at January 31, 2015.

No other significant events occurred after since December 31, 2014.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the designated independent third party's report issued in French and it 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 compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2014, 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.

1. 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, 2014 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 section e "Antitrust investigation: Notification on April 7, 2014 of the European Commission's decision" of **Note 2** "Significant events of the year" to the consolidated financial statements, and section a "Antitrust investigations" of **Note 29** "Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the company.

2. 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 **Note 6** "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.f "Income taxes" of **Note 1** "Summary of significant accounting policies" to the consolidated financial statements 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.

Pensions

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" to the consolidated financial statements. These obligations are valued with the assistance of external actuaries.

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 20**.

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.

3. 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, March 18, 2015
KPMG Audit
Département de KPMG S.A.

Valérie Besson
Partner

Neuilly-sur-Seine, March 18, 2015
PricewaterhouseCoopers Audit

Eric Bulle
Partner

5. CORPORATE FINANCIAL STATEMENTS

BALANCE SHEET – ASSETS

At December 31, in thousands of euros	Notes	Gross amount	Depreciation, amortization and provisions	**2014 Net**	2013 Net
Intangible assets					
Concessions, patents and similar rights		400	(400)	-	34
Intangible assets in progress		532	-	532	-
Financial assets					
Shares in subsidiaries and affiliates	3	2,780,921	(165,089)	2,615,833	2,415,825
Other financial assets		-	-	-	1,646
FIXED ASSETS		**2,781,854**	**(165,489)**	**2,616,365**	**2,417,505**
Receivables	4				
Trade receivables		8,790	-	8,790	11,547
Other receivables		409,381	-	409,381	663,011
Other current assets					
Cash and cash equivalents	6	93	-	93	88
Prepaid expenses		**31**	**-**	**31**	**87**
CURRENT ASSETS		**418,295**	**-**	**418,295**	**674,733**
Deferred charges	14-1	5,706	-	5,706	7,742
Bond redemption premiums	14-2	1,525	-	1,525	2,067
Unrealized foreign exchange losses		0	-	0	-
TOTAL ASSETS		**3,207,380**	**(165,489)**	**3,041,891**	**3,102,046**

BALANCE SHEET – EQUITY AND LIABILITIES

At December 31, in thousands of euros	Notes	2014	2013
Share capital		42,051	42,043
Additional paid-in capital		1,646,154	1,646,472
Legal reserve		2,872	2,872
Regulated reserves		0	0
Retained earnings		172,679	223,466
Net income (loss) for the year		**(66,588)**	**(50,787)**
Regulated provisions	10	7,217	7,251
EQUITY	8	**1,804,385**	**1,871,317**
PROVISIONS FOR CONTINGENCIES AND CHARGES		**0**	**-**
Financial liabilities	11		
Convertible bonds		502,995	502,995
Other bonds		621,782	624,373
Bank borrowings		-	32
Operating liabilities	12		
Trade payables		15,853	13,758
Accrued taxes and payroll costs		96,461	88,992
Miscellaneous liabilities			
Due to suppliers of fixed assets		-	-
Other liabilities		264	367
Deferred income		**148**	**211**
LIABILITIES	13	**1,237,503**	**1,230,728**
Unrealized foreign exchange gains		3	1
TOTAL EQUITY AND LIABILITIES		**3,041,891**	**3,102,046**

INCOME STATEMENT

(in thousands of euros)	Notes	**2014**	2013
NET SALES	16	**17,843**	**17,899**
Reversals of depreciation, amortization and provisions, expense transfers		-	251
Other revenues		0	0
OPERATING REVENUES		**17,843**	**18,150**
Other purchases and external charges		(26,271)	(30,162)
Taxes other than on income		(1,010)	(1,101)
Wages and salaries		(6,719)	(6,029)
Payroll charges		(2,762)	(2,387)
Depreciation, amortization and provisions			
• Depreciation and amortization - fixed assets		(34)	(90)
• Depreciation and amortization - other assets		(2,036)	(2,041)
Other expenses		(653)	(626)
OPERATING EXPENSES		**(39,485)**	**(42,436)**
OPERATING INCOME (LOSS)	17-1	**(21,642)**	**(24,286)**
Dividend income		247	100,635
Other interest income		645	568
Foreign exchange gains		17	6
FINANCIAL INCOME		**909**	**101,209**
Amortization and provisions – financial assets		(542)	(80,631)
Interest expense		(46,182)	(46,155)
Foreign exchange losses		(6)	(29)
FINANCIAL EXPENSES		**46,730**	**126,815**
NET FINANCIAL INCOME (EXPENSE)	17-2	**(45,821)**	**(25,606)**
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX		**(67,463)**	**(49,892)**

(in thousands of euros)	Notes	**2014**	2013
Provision reversals and expense transfers		34	58
Non-recurring income from capital transactions		48	-
NON-RECURRING INCOME		**82**	**58**
Non-recurring expenses on revenue transactions		(14)	(28)
Non-recurring expenses on capital transactions		-	(48)
Exceptional additions to depreciation, amortization and provisions		-	(1,083)
NON-RECURRING EXPENSES		**(14)**	**(1,159)**
NET NON-RECURRING INCOME (LOSS)	18	**68**	**(1,101)**
Employee profit-sharing		(94)	(89)
Income taxes	19	901	295
NET INCOME (LOSS)		**(66,588)**	**(50,787)**

LIST OF SUBSIDIARIES AND AFFILIATES

(at December 31, 2014)

Company name	Share capital (in thousands of currency units)	Total equity (excluding share capital)[4] (in thousands of currency units)	Percentage ownership	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[4] (in thousands of currency units)	Net income (loss)[4] (in thousands of currency units)
A- SUBSIDIARIES AND AFFILIATES WITH A GROSS VALUE IN EXCESS OF 1% OF NEXANS' SHARE CAPITAL								
1) SUBSIDIARIES (OVER 50%-OWNED)								
NEXANS FRANCE Paris - France (SIREN registration no. 428 593 230)	130,000	(37,709)	100.00	-	477,400	353,400	1,593,743	22,511
NEXANS PARTICIPATIONS Paris - France (SIREN registration no. 314 613 431)	418,110	1,468,123	100.00	-	2,048,264	2,048,264	-	(75,599)
NEXANS INDELQUI SA[1] Buenos Aires - Argentina	131,873	(74,103)	100.00	-	41,089	-	351,902	(3,522)
INVERCABLE SA[2] Santiago - Chile	82,400	81,687	100.00	-	194,948	194,948	-	8,066
2) AFFILIATES (10%-50% OWNED)								
NEXANS KOREA[3] Chungcheongbuk - Korea	17,125,879	73,256,483	35.53	-	16,940	16,940	274,942,600	(3,456,324)
B - GENERAL INFORMATION ON OTHER SECURITIES								
French subsidiaries (over 50% owned)					-	-		
Foreign subsidiaries (over 50% owned)					-	-		
French affiliates (10%-50% owned)					-	-		
Foreign affiliates (10%-50% owned)					-	-		
Other investments				247	2,281	2,281		

(1) Amount in thousands of ARS (Argentine pesos): 1 ARS = 0.09844 euros at December 31, 2014.
(2) Amount in thousands of USD (US dollars): 1 USD = 0.823655 euros at December 31, 2014.
(3) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.755 euros at December 31, 2014.
(4) Provisional data, the statutory financial statements of the subsidiaries had not yet been formally approved for issue at the date of the Board of Directors' meeting that approved these corporate financial statements.

PORTFOLIO OF TRANSFERABLE SECURITIES

At December 31, 2014 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	27,873,946	100.00	2,048,264	-	2,048,264
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, 2014, prior to the appropriation of the net loss, as well as to the income statement for the year then ended. The fiscal year ran from January 1 to December 31, 2014. The balance sheet total was 3,041,891 thousand euros and the Company ended the year with a net loss of 66,588 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 2014:

1. On May 15, 2014, on the recommendation of its Chairman, the Board of Directors approved the principle of splitting the duties of Chairman of the Board and Chief Executive Officer. Consequently, the Board decided that Frédéric Vincent would retain his role as Chairman of the Board and Arnaud Poupart-Lafarge would become Chief Executive Officer and therefore become an executive director. This change took effect on October 1, 2014.

2. At its meeting held on May 15, 2014, the Board of Directors announced the launch of a Group employee share ownership plan involving the issue of a maximum of 500,000 new shares. This was the sixth international employee share ownership plan set up by the Group.
   The plan proposed the same "leveraged" structure as in the 2010 and 2012 plans, whereby employees were able to subscribe for the shares through a corporate mutual fund (FCPE) at a preferential discount share price, with the Company providing them with a capital guarantee plus a multiple based on share performance. The shares are locked into the plan for five years, apart from in special circumstances when employees can access them earlier. In countries where the leveraged structure using a corporate mutual fund raised legal or tax difficulties, an alternative formula was offered comprising the allocation of Stock Appreciation Rights (SAR).
   The subscription period for the plan ran from November 6 through November 18, 2014 and was followed by a period during which employees could withdraw their subscriptions, from December 18 through December 23, 2014. The subscription price was set on December 17, 2014 at 20.39 euros per share (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding that date). The settlement-delivery of the shares took place on January 21, 2015 and resulted in the issuance of 499,862 new shares, representing an aggregate amount of 10,192 thousand euros.
   The external costs incurred for this plan amounted to 532 thousand euros, which was recognized under intangible assets at December 31, 2014 before being deducted from additional paid-in capital when the related capital increase was completed.

3. On November 19, 2014, the Board of Directors placed on record that the vesting period for Long-Term Compensation Plan No.10 of November 15, 2011 had expired, resulting in the final vesting of 7,184 free shares for beneficiaries who are French tax residents. This resulted in a 7 thousand euro capital increase for the Company, which was paid up by capitalizing additional paid-in capital.

4. The Company placed on record a capital increase carried out through the issuance of 1,108 new shares on the exercise of stock options.

5. In January 2014, Nexans SA took up all of the shares issued as part of a capital increase carried out by Nexans Participations, for an amount of 200,008 thousand euros.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Nexans SA have been prepared in accordance with French generally accepted accounting principles. The balance sheet at December 31, 2014 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.
- The external costs incurred for the employee share issue which was in process at the reporting date.

Financial assets

Shares in subsidiaries and affiliates

The gross value of these shares recognized 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 affiliates acquired as from January 1, 2007 are stated at their purchase price plus any directly attributable transaction expenses, in accordance with the option available under CRC standard 2004-06.

An impairment loss is booked when the carrying amount of these interests exceeds their fair value. Fair value is determined on the basis of value in use, which is calculated using a multi-criteria approach that takes into account revalued net assets as well as yield

Share acquisition costs

Share acquisition costs incurred subsequent to December 31, 2006 and included in the cost of the shares are deducted for tax purposes through excess tax depreciation recorded over a period of five years (Article 209-VII of the French Tax Code).

Loans

This item primarily corresponds to loans granted to indirect subsidiaries.

Other financial assets

This item had a zero balance at December 31, 2014. The amount recognized at December 31, 2013 corresponded to guarantee deposits granted by the Company.

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 and bank borrowings

"Other receivables" includes surplus cash amounts invested with Nexans Services on a short-term basis. Short-term advances received from Nexans Services are included in bank borrowings.

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

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: FINANCIAL ASSETS

(in thousands of euros)	Shares in subsidiaries and affiliates	Loans to subsidiaries	Other loans	Other financial assets	Total
GROSS VALUE					
At December 31, 2013	2,580,913	-	-	1,646	2,582,559
Acquisitions–increases	200,008	-	-	-	200,008
Disposals–decreases	-	-	-	(1,646)	(1,646)
At December 31, 2014	**2,780,921**	**-**	**-**	**-**	**2,780,921**
PROVISIONS					
At December 31, 2013	(165,089)	-	-	-	(165,089)
Additions	-	-	-	-	-
Reversals	-	-	-	-	-
At December 31, 2014	**(165,089)**	**-**	**-**	**-**	**(165,089)**
NET LONG-TERM FINANCIAL ASSETS					
At December 31, 2013	2,415,825	-	-	1,646	2,417,471
At December 31, 2014	**2,615,833**	**-**	**-**	**-**	**2,615,833**

Details of the shares held by Nexans SA recognized under “Shares in subsidiaries and affiliates” are provided in the section entitled “Portfolio of transferable securities” above.

- In January 2014, Nexans SA took up the shares issued in connection with a capital increase carried out by Nexans Participations, for an amount of 200,008 thousand euros.

- No provisions for impairment were recognized against any shares in subsidiaries and affiliates in 2014. Details of the impairment provisions recognized in prior years are provided in the "Portfolio of transferable securities" table.

NOTE 4: OPERATING RECEIVABLES

Net values *At December 31, in thousands of euros*	**2014**	2013
TRADE RECEIVABLES	8,790	11,547
Other receivables:		
• Prepaid payroll taxes	10	0
• Prepaid and recoverable income taxes	28,935	24,506
• Prepaid and recoverable VAT	4,255	4,273
• Group and associates: tax consolidation	0	232
• Group and associates: cash pooling current accounts	376,085	633,902
• Other debtors	96	97
SUB-TOTAL – OTHER RECEIVABLES	409,381	663,011
TOTAL	**418,171**	**674,558**

At December 31, 2014 and 2013, trade receivables solely corresponded to intra-Group receivables.

NOTE 5: RECEIVABLES BY MATURITY

Net value *At December 31, 2014, in thousands of euros*	Gross amount	Due within one year	Due beyond one year
CURRENT ASSETS			
Trade receivables	8,790	8,790	-
Other receivables	409,381	387,080	22,301
TOTAL	**418,171**	**395,870**	**22,301**

Other receivables due beyond one year correspond to research tax credits and tax credits due under the French CICE regime to entities in the tax group headed by the Company (see Note 19). As there is a low probability that these tax credits will be offset against tax payable by the tax group in 2015 they will be received in a timeframe of beyond one year.

NOTE 6: CASH AND CASH EQUIVALENTS

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, 2014, the Company's share capital comprised 42,051,437 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, 2013 before appropriation of net loss	42,043	1,646,472	2,872	223,466	(50,787)	7,251	1,871,317
Appropriation of 2013 net loss	-	-	-	(50,787)	50,787	-	-
Dividends paid	-	-	-	-	-	-	-
Other movements (1)	8	(318)	-	-	-	(34)	(344)
2014 net loss	-	-	-	-	(66,588)	-	(66,588)
At Dec. 31, 2014 before appropriation of net loss	**42,051**	**1,646,154**	**2,872**	**172,679**	**(66,588)**	**7,217**	**1,804,385**

(1) Other movements can be analyzed as follows:
- The 7 thousand euro capital increase paid up by capitalizing additional paid-in capital, which was carried out on the final vesting for French tax-resident beneficiaries of free shares granted under Long-Term Compensation Plan no. 10 (see Note 1 above).
- The issue of 1,108 new shares with an aggregate 40 thousand euro premium following the exercise of stock options.
- An amount of 351 thousand euros charged against additional paid-in capital, corresponding to the remaining costs for the rights issue carried out in the last quarter of 2013.

8.2 Dividend payment

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 2014 on the Company's ordinary shares. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place in the first half of 2015.

At the Annual Shareholders' Meeting held on May 15, 2014 to approve the financial statements for the year ended December 31, 2013, the Company's shareholders approved the Board's proposal not to pay a dividend for 2013.

NOTE 9: STOCK OPTIONS, FREE SHARES AND PERFORMANCE SHARES

9.1 Stock options

At December 31, 2014 there were 1,001,906 outstanding stock options held by employees, representing 2.4% of the Company's share capital, versus 1,408,832 outstanding stock options at December 31, 2013, representing 3.4% of the share capital.

The options outstanding at December 31, 2014 can be analyzed as follows:

Grant date	Number of options outstanding at the year-end	Exercise price [3]	Exercise period
February 15, 2007	17,484	€86.60	February 15, 2009 [2] - February 14, 2015
February 22, 2008	324,631	€61.11	February 22, 2009 [1] - February 21, 2016
November 25, 2008	305,715	€37.29	November 25, 2009 [1] - November 24, 2016
March 9, 2010	354,076	€46.30	March 9, 2011[1]- March 8, 2018
TOTAL	**1,001,906**		

(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.

Changes in the number of options outstanding	Number of options
Options outstanding at the beginning of year	**1,408,832**
Options granted during the year	-
Options canceled during the year	(22,330)
Options exercised during the year	(1,108)
Options expired during the year	(383,488)
Options outstanding at the year-end	**1,001,906**
of which exercisable at the year-end	1,001,906

9.2 Free shares and performance shares

At December 31, 2014 there were 763,982 free shares and performance shares outstanding – each entitling their owner to one share – representing a total of 1.8% of the Company's share capital. At December 31, 2013 there were 587,460 free shares and performance shares outstanding, representing 1.4% of the Company's share capital.
A total of 311,940 free shares and performance shares were granted during 2014.
The free shares and performance shares outstanding at December 31, 2014 can be analyzed as follows:

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	8,086	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	135,545	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	311,311	July 24, 2017 for non-French tax residents, and July 24, 2016 followed by a 2-year lock-up period for French tax residents
July 24, 2014	311,940	n/a	309,040	July 24, 2018 for non-French tax residents, and July 24, 2017 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	**587,460**
Shares granted during the year[1]	311,940
Shares canceled during the year	(128,234)
Shares vested during the year	(7,184)
Number of shares in vesting period at the year-end	**763,982**

(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 7.7 of the Management Report.

NOTE 10: PROVISIONS

The regulated provisions recognized in the balance sheet correspond to the excess tax amortization of share acquisition costs that are included in the cost of the related investments.

NOTE 11: BORROWINGS

Cash surpluses are invested with Nexans Services which is responsible for the Group's financing and cash management operations.

The Company's borrowings are primarily made up of bonds, which can be analyzed as follows:

	Issue date	Maturity date	Coupon	Number of bonds outstanding at Dec. 31, 2014	Nominal amount *(in thousands of euros)*	Accrued interest at Dec. 31, 2014 *(in thousands of euros)*	Total bond debt recognized in the balance sheet at Dec. 31, 2014 *(in thousands of euros)*	Interest expense for 2014 *(in thousands of euros)*
Convertible bonds								
OCEANE 2016	June 23, 2009	Jan. 1, 2016	€€2.13 per bond	4,000,000	212,600	8,520	221,120	8,520
OCEANE 2019	Feb. 29, 2012	Jan. 1, 2019	2.50%	3,780,588	275,000	6,875	281,875	6,875
					487,600	**15,395**	**502,995**	**15,395**
Ordinary bonds								
Ordinary bonds maturing in 2017 Issue price: 99.266% of face value	May 2, 2007	May 2, 2017	5.75%	7,000	350,000	13,398	363,398	20,125
Ordinary bonds maturing in 2018 Issue price: 99.398% of face value	Dec. 19, 2012	March 19, 2018	4.25%	2,500	250,000	8,384	258,384	10,654
					600,000	**21,782**	**621,782**	**30,779**
TOTAUX					**1,087,600**	**37,177**	**1,124,777**	**46,174**

All of the bonds in the table above are redeemable at face value at maturity.

The indentures for the convertible bonds maturing on January 1, 2016 and January 1, 2019 (the OCEANE 2016 bonds and the OCEANE 2019 bonds respectively) include early redemption options exercisable by the bondholders (on January 1, 2015 or the first business day thereafter for the OCEANE 2016 bonds and June 1, 2018 or the first business day thereafter for the OCEANE 2019 bonds). On January 1, 2015 this option was only exercised for 388 bonds out of the total 4,000,000 OCEANE 2016 bonds issued. The maturity date of the 3,999,612 remaining bonds is January 1, 2016.

At December 31, 2014, 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 drawdowns amount 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	**2014**	2013
TRADE PAYABLES	15,853	13,758
Accrued taxes and payroll costs:		
• Employee-related payables and accrued payroll costs	4,049	2,740
• Accrued taxes	2,339	2,778
• Tax consolidation suspense account	65,267	63,222
• Group companies: tax consolidation	24,806	20,252
SUB-TOTAL – ACCRUED TAXES AND PAYROLL COSTS	96,461	88,992
Other liabilities:		
• Accrued expenses	264	367
SUB-TOTAL – OTHER LIABILITIES	264	367
TOTAL	**96,725**	**103,117**

NOTE 13: LIABILITIES BY MATURITY

(in thousands of euros)	Amount at Dec. 31, 2014	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	502,995	15,416	487,579	-
Ordinary bonds	621,782	21,782	600,000	-
Trade payables	15,853	15,853	-	-
Accrued taxes and payroll costs	96,461	76,751	19,710	-
Other liabilities	264	264	-	-
Deferred income	148	63	85	-
TOTAL	**1,237,503**	**130,129**	**1,107,374**	**-**

Accrued taxes and payroll costs due beyond one year comprise liabilities towards subsidiaries that are members of the tax group. These correspond to French CIR and CICE tax credits that have a low probability of being offset against taxes payable in 2015.

NOTE 14: DEFERRED CHARGES – BOND REDEMPTION PREMIUMS

14.1 Deferred charges

	Amount *(in thousands of euros)*					
Nature	Dec. 31, 2013	Recognized during the year	Amortized during the year	Charged against the issue premium	Dec. 31, 2014	Method of deferral
Issue costs for convertible bonds	4,282	-	1,130	-	3,152	Straight-line basis over the term of the related borrowings
Issue costs for other bonds	2,190	-	483	-	1,707	
Issue costs for other borrowings	1,270	-	423	-	847	
TOTAL	**7,742**	**-**	**2,036**	**-**	**5,706**	

14.2 Bond redemption premiums

(in thousands of euros)	Year of recognition	Gross premium	At December 31, 2013		**At December 31, 2014**		
			Accumulated amortization	Net premium	Amortization for the year	Accumulated amortization	Net premium
Redemption premium on ordinary bonds maturing in 2017	2007	2,569	1,712	857	257	1,969	600
Redemption premium on ordinary bonds maturing in 2018	2012	1,505	294	1,211	285	579	926
TOTAL				**2,067**	**542**		**1,525**

Bond redemption premiums are amortized on a straight-line basis over the life of the bonds. The amortization expense for 2014 amounted to 542 thousand euros.

NOTE 15: ACCRUED EXPENSES & INCOME

At December 31, in thousands of euros	**2014**	2013
Accrued expenses relating to:		
• Interest on bonds	37,177	39,768
• Trade payables	15,649	10,829
• Employee-related liabilities	2,757	1,558
• Payroll taxes	686	471
• Other taxes	2,053	2,301
• Other liabilities	245	346
Accrued income relating to:		
• Trade receivables	6,429	8,667
• Prepaid and recoverable taxes	2,580	1,768
• Group and associates: Interest on other current accounts	51	355

NOTES TO THE INCOME STATEMENT

NOTE 16: NET SALES

The Company's 2014 net sales came to 17,843 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 21,642 thousand euros for 2014, primarily corresponding to headquarters expenses, commissions and brokerage fees, depreciation, amortization and provisions, and various consulting fees.

17.2 Financial income and expenses

The Company recorded a net financial expense of 45,821 thousand euros in 2014, reflecting the combined impact of:

- 46,174 thousand euros in interest expense on the Company's bonds (see Note 11).
- 247 thousand euros in dividends received and 579 thousand euros in net investment income from Nexans Services.
- Amortization of bond redemption premiums for the ordinary bonds redeemable in 2017 and 2018 amounting to 257 thousand euros and 285 thousand euros respectively (see Note 14-2).

NOTE 18: NON-RECURRING ITEMS

Non-recurring items were not material in 2014. In 2013, they primarily corresponded to 1,025 thousand euros in excess tax depreciation.

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)	(67,462)	(27)		(67,489)
Income taxes:				
• At standard rate	-	-	960	960
• Benefit/(charge) from tax consolidation	(59)	-	-	(59)
INCOME TAXES	**(59)**	**-**	**960**	**901**
NET INCOME (LOSS)	(67,521)	(27)	960	(66,588)

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, 2014 represents an unrecognized tax asset of 161,231 thousand euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2014.

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 SA taxable entity alone, temporary differences generating deferred tax assets correspond primarily to tax loss carryforwards, which amounted to 332,282 thousand euros at December 31, 2014 (275,091 thousand euros at December 31, 2013).

As there were no temporary differences that generated deferred tax liabilities at December 31, 2014, the future tax receivable relating to Nexans' corporate financial statements (calculated using a tax rate of 34.43%) amounted to 114,404 thousand euros at that date (94,713 thousand euros at December 31, 2013).

MISCELLANEOUS INFORMATION

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)*	2014	2013
BALANCE SHEET ITEMS		
ASSETS		
Shares in subsidiaries and affiliates, net	2,615,833	2,415,825
Trade receivables, net	8,790	11,547
Other receivables, net	376,085	633,902
Current accounts with subsidiaries in the consolidated tax group	-	232
LIABILITIES		
Trade payables	14,677	12,506
Current accounts with subsidiaries in the consolidated tax group	24,806	20,252
INCOME STATEMENT ITEMS		
Financial expenses	-	0
Dividend income	247	101,635
Financial income	579	501

In 2014 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 2014 and 2013, the Company employed an annual average of 8 people (all managerial staff).

NOTE 22: MANAGEMENT COMPENSATION

In view of the decision by the Board of Directors to split the duties of Chairman and Chief Executive Officer with effect from October 1, 2014 (see **Note 1**), Frédéric Vincent's compensation for 2014 corresponds to his position as Chairman and Chief Executive Officer for nine months of the year (January 1 to September 30) and to his position as Chairman of the Board of Directors for three months (October 1 to December 31).

Arnaud Poupart-Lafarge's compensation for 2014 corresponds to the amount received for his duties as Chief Executive Officer between October 1 and December 31.

The total amount of gross compensation, benefits and directors' fees paid to the Chairman of the Board of Directors and the Chief Executive Officer in 2014 was 905 thousand euros before tax.

The various components of this compensation can be analyzed as follows:

(in thousands of euros)	**2014**	2013
CHAIRMAN OF THE BOARD OF DIRECTORS	**1,385**	**840**
Basic salary	730 (1)	800
Variable compensation	617 (2)	- (1)
Directors' fees	32	34
Benefits-in-kind	6	6
CHIEF EXECUTIVE OFFICER (AS FROM OCTOBER 1, 2014)	**552**	**N/A**
Basic salary	175 (1)	N/A
Variable compensation	373 (2)	N/A
Benefits-in-kind	4	N/A
TOTAL management compensation	**1,937**	**840**

(1) The sum of these amounts corresponds to the total gross pre-tax compensation figure stated above.
(2) Variable compensation for 2014 but paid in 2015.

Nexans' directors other than the Chairman of the Board received 618 thousand euros in directors' fees for 2014 (gross amount before social security deductions and withholding taxes).

NOTE 23: OFF-BALANCE SHEET COMMITMENTS

23.1 Reciprocal commitments

The Company did not have any reciprocal commitments at either December 31, 2014 or 2013.

23.2 Commitments given

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 516 million euros at December 31, 2014 (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, 2014.

- 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 14 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, 2014 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, 2014 the amounts still payable to the Nexans Foundation totaled 300 thousand euros.

23.3 Commitments received

At December 31, 2014 commitments received corresponded to the Company's 597 million euro 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 2014 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	193	212
PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine	19	306	325
	38	**499**	**537**

NOTE 25: SUBSEQUENT EVENTS

A total of 499,862 new shares were issued under an employee share issue (see **Note 1**). Of this amount, 399,977 shares were subscribed by the Group's employees through the corporate mutual fund, and the remaining 99,885 shares were subscribed by Société Générale for the purposes of the alternative formula offered in the employee shareholding plan. The per-share subscription price was 20.39 euros (representing a 20% discount against the average of the prices quoted for the Nexans share over the twenty trading days preceding the pricing date). This resulted in an overall capital increase, including the premium, of 10, 192 thousand euros.

At January 31, 2015 the proportion of the Company's capital owned by employees was 4.2%.

No other significant events occurred after the end of the reporting period.

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 the 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.

On April 7, 2014, Nexans France SAS and the Company were notified of the European Commission's decision which found that Nexans France SAS had directly participated in a breach of European antitrust legislation in the submarine and underground high-voltage power cable sector. The Company was held jointly liable for the payment of a portion of the fine imposed by the European Commission. Nexans France SAS and the Company appealed the European Commission's decision to the General Court of the European Union.
On July 4, 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission.

At June 30, 2014 Nexans France SAS recognized an 80 million euro contingency provision for the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity. The provision was maintained in the balance sheet at December 31, 2014.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the designated independent third party's report issued in French and it 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 compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying financial statements of Nexans SA;
- 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.

1. 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, 2014 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.

2. 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.

3. SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

The Statutory Auditors,

Paris La Défense, March 18, 2015
KPMG Audit
Département de KPMG S.A.

Valérie Besson
Partner

Neuilly-sur-Seine, March 18, 2015
PricewaterhouseCoopers Audit

Eric Bulle
Partner

6. ADDITIONAL INFORMATION

INFORMATION ABOUT NEXANS S.A. AND THE GROUP

SIMPLIFIED ORGANIZATIONAL STRUCTURE [1]

NEXANS S.A.

NEXANS PARTICIPATIONS S.A. (FRANCE)

Europe	France	Nexans Interface, Nexans Power Accessories France, Eurocable, Recycables, Lixis, Linearis, Netlink, Confecta, Nexans Wires
	Germany	Nexans Deutschland, Nexans Logistik, Nexans Superconductors, Lacroix & Kress, Lackdraht Union Unterstutzüngseinrichtung, Nexans Power Accessories Germany, Nexans Autoelectric, Mobil Electric, Leitungstechnik Ostbayern (LTO), Elektrokontakt, Elektrometall, Metrofunkkabel-Union, Confecta Deutschland, Kabeltrommel
	Belgium	Nexans Benelux, Nexans Harnesses, Nexans Network Solutions, Opticable, Nexans Services[2], Cabliance Belgique
	Bulgaria	Makris GPH, Elektrokabel Bulgaria
	Denmark	Nexans Denmark
	Spain	Nexans Iberia
	Greece	Nexans Hellas
	Italy	Nexans Italia, Nexans Intercablo
	Luxembourg	Nexans Re[3]
	Norway	Nexans Norway, Nexans Skagerrak
	Netherlands	Nexans Nederland, Nexans Cabling Solutions
	Romania	Nexans Romania, Elektrokontakt
	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
	Ghana	Nexans Kabelmetal Ghana
	Kazakhstan	Nexans Kazakhstan
	Kenya	Nexans Power Network Kenya Limited
	Morocco	Nexans Maroc, Sirmel Maroc, Tourets et Emballages du Maroc, Cabliance Maroc
	Nigeria	Nexans Kabelmetal Nigeria, Northern Cable Processing and Manufacturing Company, Nexans Power Networks Nigeria
	Qatar	Qatar International Cable Company
	Russia	Nexans Russia, Impex Electro
	South Africa	Nexans Trade, Dynamic Cables South Africa, Dynamic Cables Convergence, Isotech
	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 USA, Nexans High Voltage USA, Nexans Aerospace USA, AmerCable Holdings
South America	Brazil	Nexans Brazil
	Chile	Nexans Chile, Cotelsa, Colada Continua
	Colombia	Nexans Colombia
	Mexico	Elektrokontakt S. de R. L de C. V, Mexico
Asia-Pacific	Australia	Olex Australia Pty, Amercable 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	PT Nexans Indonesia
	Japan	Nippon High Voltage Cable Corporation
	New Zealand	Olex New Zealand
	Singapore	Nexans Singapore Pte

INVERCABLE (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, 2014. Nexans' main direct and indirect subsidiaries are listed in **Note 31** to the 2014 consolidated financial statements on pages 183 to 184 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, 2014

At December 31, 2014, the Company's share capital amounted to 42,051,437 euros, divided into 42,051,437 fully paid up shares.

Breakdown of share capital and voting rights at December 31, 2014

	Number of shares and voting rights held	% ownership and voting rights(1)
Quiñenco group	12,183,315	29.0%
Bpifrance Participations	3,363,546	8.0%
Manning & Napier (USA)(2)	3,350,863	8.0%
Financière de l'Echiquier(3)	2,108,500	5.0%
Other institutional shareholders	17,116,163	40.7%
Private individuals and employees	3,036,575	7.2%
Unidentified shareholders	892,475	2.1%
TOTAL	**42,051,437**	**100%**

Sources: Euroclear France, shareholders in registered form, shareholder identification survey and threshold disclosures filed with the 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) 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 at that date it held 3,350,863 Nexans shares, representing 7.97% of the capital and voting rights.
(3) By way of a letter received on August 27, 2014, Financière de l'Echiquier, informed the Company that, acting on behalf of managed funds, on August 25, 2014 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 2,108,500 Nexans shares, representing 5.01% of the capital and voting rights (based on the number of shares outstanding at June 30, 2014).

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 2014 Management Report (March 17, 2015) and the date this Registration Document was published, no legal disclosure thresholds other than those mentioned above had been crossed.

At December 31, 2014, 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 its 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, 2014, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	26.0%
Institutional investors – United States	15.2%
Institutional investors – UK and Ireland	11.3%
Institutional investors – Other European countries	9.1%
Institutional investors – Other countries (incl. South America)	29.1%
Private shareholders	4.1%
Employees	3.1%
Unidentified shareholders	2.1%

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, 2012			Estimated situation at December 31, 2013			**Estimated situation at December 31, 2014**		
Shareholders	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Institutional investors	24,984,038	85	85	37,182,767	88.4	88.4	38,140,653	90.7	90.7
Employees	1,277,317	4.3	4.3	1,273,399	3.0	3.0	1,291,085	3.1	3.1
Members of the Board of Directors	31,358	0.1	0.1	31,292	0.1	0.1	39,709	0.1	0.1
Other private shareholders	2,849,041	9.7	9.7	2,901,742	6.9	6.9	1,682,057	4.0	4.0
Treasury stock	-	-	-	-	-	-	-	-	-
Unidentified shareholders	283,646	0.9	0.9	653,945	1.6	1.6	897,933	2.1	2.1

See also Section 8 of the 2014 Management Report ("Information concerning the Company and its capital"), particularly relating to the share capital at December 31, 2014, securities carrying rights to shares in the Company, changes in Nexans' share capital over the last five years, legal disclosure thresholds crossed in 2014 and employee share ownership (pages 60 to 63 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.

Fiscal year

The Company's fiscal 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 or electronic 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. CET 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. As an exception to the last paragraph of Article L.225-123 of the French Commercial Code, the Company's bylaws do not provide for any double voting rights. 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 (acting alone or in concert with one or more other persons or legal entities) 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 2014 consolidated financial statements on page 164 to 172 of this Registration Document. The receivables securitization programs set up in April 2010 are described in Note 25.a ("Liquidity risks") to the 2014 consolidated financial statements on page 164 and 165 of this Registration document.

Agreements with Nexans' principal shareholder, Invexans, a company of the Quiñenco group

The agreement signed by the Company with its principal shareholder, Invexans (a member of the Quiñenco group), was amended on November 26, 2012 and terminated on May 22, 2014. On the same date Invexans gave a commitment to the Company that it will not request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

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 this joint venture, 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 161 million euros in 2014 (versus 194 million euros in 2013), and broke down as follows:

By market: Energy Infrastructure accounted for 50% of the Group's total capital outlay. The amounts concerned were notably used for (i) the new extra high-voltage land cables plant in South Carolina (United States), which began production in 2014, and (ii) projects related to orders for submarine cables in Norway.

By geographic area: market lines in Europe represented around 40% of consolidated capital expenditure in 2014, with the main projects focused on cutting costs. The High-Voltage business group kept up a significant level of capital outlay during the year, completing the works on its new extra high-voltage land cables plant in the United States and further investing in the submarine cables business in Northern Europe. In the Asia-Pacific Area, the capital spending focus was on optimizing manufacturing facilities. In the Middle East, production capacity was increased in Turkey, Lebanon and Qatar.

In 2015, the Group intends to pursue its cost reduction programs at its production sites as well as its redeployment plan for China. At the same time, it will continue to develop its automotive harnesses business and to adapt its manufacturing capacity for submarine and umbilical cables projects.

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 7% 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 environmental issues raised by the use of property, plant and equipment are addressed in Section 9.1 of the 2014 Management Report ("Environmental approach and data") on page 63 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 1.2.6 ("Provision related to EU antitrust procedure"), section 1.2.11 (e) ("Investigations by the EU antitrust authorities") and section 6 ("Risk factors") of the 2014 Management Report (see pages 26 et seq.), and (ii) **Note 21** ("Provisions") and **Note 29** ("Disputes and contingent liabilities") to the 2014 consolidated financial statements (see pages 179 et seq. of this Registration Document).

SIGNIFICANT EVENTS SINCE THE YEAR-END AND APPROVAL OF THE 2014 MANAGEMENT REPORT

To the best of the Company's knowledge at the date of this Registration Document, no significant changes in Nexans' financial or trading position have occurred since March 17, 2015 – the date on which the 2014 corporate financial statements were closed off and the 2014 Management Report adopted.

2014 RELATED-PARTY AGREEMENTS

LIST OF 2014 RELATED-PARTY AGREEMENTS

1. Prior agreements remaining in force in 2014

1.1 Corporate officer involved: Georges Chodron de Courcel, Nexans Board member and Chief Operating Officer of BNP Paribas until June 30, 2014

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 has received the same commitment fee as the other lenders, since the date of its inclusion in the agreement.

The addendum was ratified at the May 14, 2013 Annual Shareholders' Meeting.

1.2 Corporate officer involved: Frédéric Vincent, Chairman and CEO of Nexans until September 30, 2014

The agreements and commitments below, some of which were not carried out, concerning Frédéric Vincent's term of office as Chairman and CEO were entered into in 2012 and remained in force in 2014. These agreements and commitments expired at the same time as Frédéric Vincent's term of office as Chairman and CEO. They were replaced or renewed as of October 1, 2014, as set out in section 2.1 below.

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 equal to one year of his total compensation subject to certain performance conditions.

Non-compete indemnity

On February 7, 2012, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent equal to one year of his total 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, irrespective of the reason for the termination of his duties.

Welfare and pension plans

On February 7, 2012, the Board of Directors confirmed that the Chairman and CEO 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).

The amount of the commitments given by the Group relating to pension and similar benefits concerning Frédéric Vincent as Chairman and CEO until September 30, 2014 and as Chairman of the Board with effect from 1 October 2014, corresponded to 5,048,868 euros at December 31, 2014, excluding taxes. Payroll and similar taxes amounted to 661,691 euros.

See Section 2.1 for more information on agreements and commitments related to Frédéric Vincent's position of Chairman of the Board as of 1 October 2014.

1.3 Agreement executed with a shareholder holding more than 10% of the Company's capital and voting rights and corporate officers involved: Andrónico Luksic Craig, Nexans Board member and Chairman of the Board of Directors of Invexans, Francisco Pérez Mackenna, Nexans and Invexans Board member, and Hubert Porte, Nexans and Invexans Board member

Agreement dated March 27, 2011 as amended on November 26, 2012, to strengthen the position of Invexans (formerly Madeco, Quiñenco group) as the Group's principal shareholder, terminated on May 22, 2014

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%. The agreement was accompanied by the appointment of a second representative, Francisco Pérez Mackenna, as proposed by 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 exceeded 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).

At its meetings of November 20 and November 23, 2012, the Board of Directors approved the amendment of March 27, 2011 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.

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 amendment of May 22, 2014 terminated this agreement, provided that Invexans signs the engagement letter as set out in section 2.3 below.

2. Agreements executed in 2014 and submitted for ratification at the May 2015 Annual Shareholders' Meeting

2.1 Corporate officer involved: Frédéric Vincent, Chairman of the Board of Directors of Nexans as of October 1, 2014

Termination indemnity

On July 24, 2014, 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 of the Board of Directors as of October 1, 2014.

The indemnity will be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

The payment of the indemnity will be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Frédéric Vincent's forced departure. This condition will be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition will be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure is at least 50%.

(3) A financial performance condition based on free cash flow, which will be deemed to be met if free cash flow is positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

The amount of the termination indemnity will be determined as follows: (i) 100% of the indemnity will be due if at least two of the three conditions are met, (ii) 50% of the indemnity will be due if one of the three conditions is met, and (iii) no indemnity will be due if none of the conditions are met.

The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable performance conditions and submit their findings to the Board for a final decision.

The termination indemnity will be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that, in accordance with paragraph 3 of the Appendix to the Board of Directors' Internal Regulations, this condition will be deemed to be met unless the departure is due to serious misconduct), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chairman's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

The amount payable in respect of the termination indemnity will be paid in one lump sum no longer than one month following the Board of Directors' assessment of the performance conditions.

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent with effect from October 1, 2014 under which he undertakes to not exercise any business that would compete either directly or indirectly with any of the Company's business for a period of two years from the end of his term of office as Chairman of the Board of Directors, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total 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.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, in the event of Frédéric Vincent's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Welfare and pension plans

On February 24, 2014, in connection with Frédéric Vincent's term of office as Chairman of the Board of Directors as of October 1, 2014, the Board of Directors confirmed that Frédéric Vincent 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).

The regulations for the defined benefit pension plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. 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 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 Code.

The supplementary pension plan 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 total commitments given by the Group for pensions and similar benefits to which Frédéric Vincent as Chairman and CEO until September 30, 2014 and as Chairman of the Board with effect from 1 October 2014, is entitled amounted to 5,048,868 euros at December 31, 2014, excluding taxes. Payroll and similar taxes amounted to 661,691 euros.

2.2 Corporate officer involved: Arnaud Poupart-Lafarge, Chief Executive Officer of Nexans as of October 1, 2014

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Arnaud Poupart-Lafarge in the event of his removal from office as Chief Executive Officer as of October 1, 2014.

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 two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly compensation (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

The payment of the indemnity will be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Arnaud Poupart-Lafarge's forced departure. This condition will be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition will be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure is at least 50%.

(3) A financial performance condition based on free cash flow, which will be deemed to be met if free cash flow is positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e., either one or two years). If his forced departure takes place before the end of one full year, conditions (2) and (3) will be deemed to have been met. In both of the above two cases, the period used for measuring the attainment of the share performance condition will be the period between the date he took up his position and the date of his departure.

The amount of the termination indemnity will be determined as follows: (i) 100% of the indemnity will be due if at least two of the three conditions are met, (ii) 50% of the indemnity will be due if one of the three conditions is met, and (iii) no indemnity will be due if none of the conditions are met.

The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable conditions.

The termination indemnity will be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that this condition will be deemed to be met in accordance with the conditions set out in paragraph 3 of the Appendix to the Board of Directors' Internal Regulations), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

The amount payable in respect of the termination indemnity will be paid in one lump sum no longer than one month following the Board of Directors' assessment of the performance conditions.

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Arnaud Poupart-Lafarge with effect from October 1, 2014 under which he undertakes to not exercise any business that would compete either directly or indirectly with any of the Company's business for a period of two years from the end of his term of office as Chief Executive Officer, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond 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.

In accordance with the provisions of Article 23.2.5 of the AFEP-MEDEF Code, in the event of Arnaud Poupart's departure, the Board will issue a decision whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplementary pension, welfare and unemployment insurance plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer as of October 1, 2014, the Board of Directors approved the registration of Arnaud Poupart-Lafarge with the defined benefit pension plan set up by the Group for certain employees and corporate officers, Nexans' welfare plan (death, disability, incapacity and medical expenses) and the unemployment insurance plan.

The regulations for the defined benefit pension plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. 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 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 provided for in the AFEP-MEDEF Code.

The supplementary pension plan 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 commitments given by the Group for pensions and similar benefits to which Arnaud Poupart-Lafarge is entitled amounted to 890,296 euros at December 31, 2014, excluding taxes. Payroll and similar taxes amounted to 569,818 euros.

2.3 Agreement executed with a shareholder holding more than 10% of the Company's capital and voting rights and corporate officers involved: Andronico Luksic Craig, Nexans Board member and Chairman of the Board of Directors of Invexans, Francisco Pérez Mackenna, Nexans and Invexans Board member, and Hubert Porte, Nexans and Invexans Board member

Invexans (Quiñenco group) engagement letter of May 22, 2014

On May 22, 2014, the Board of Directors approved the cancellation of the agreement of March 27, 2011 as modified by the amendment of November 26, 2012 set out in section 1.3 above, and accepted Invexans long-term commitment made on the same day.

Under the terms and conditions of this commitment, Invexans will not to request representation on the Board in excess of three non-independent members in a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) the filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans;
(2) a third party not acting, within the meaning of Article L.233-10 of the French Commercial Code, in concert with Invexans, holds a share in the Company that exceeds the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights currently held by Invexans;
(3) The percentage of the share capital held by Invexans in Nexans falls below 10%;
(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial market authority's (*Autorité des Marchés Financiers* – AMF).

Settlement agreement of November 26, 2014 to extend a tax amnesty program in Brazil

On November 26, 2014, the Board of Directors authorized a settlement agreement with Invexans in order to benefit from the expansion of a tax amnesty program in Brazil. This settlement is related to Invexans' indemnity obligation provided for under the Purchase Agreement of February 21, 2008 and its implementation agreements relating to Nexans' acquisition of Madeco's South American cables business.

On November 14, 2014, Nexans Brésil entered a tax amnesty program called REFIS IV with a legal proceeding under way with the Brazilian tax authorities, the risks for which amount to BRL 32.5 million (approximately 10.4 million euros). In addition, Invexans challenged Nexan's indemnity right under the Purchase Agreement and the implementation agreements. In order for Nexans to eliminate the risk of the abovementioned legal proceedings in progress and the risk that Invexans will not pay an indemnity, the Company entered into an agreement with Invexans which departs from the indemnity rules provided for under the Purchase Agreement and its implementation agreement.

Under the terms and conditions of this agreement, Nexans Brésil paid the Brazilian tax authorities a lump sum of BRL 18,293,596.52 (approximately 5.8 million euros) in respect of the inclusion of the abovementioned legal proceeding within REFIS IV including BRL 9,540,096 (approximately 3 million euros) in cash and the outstanding balance of BRL 8,753,500.52 (approximately 2.8 million euros) with tax loss carryforwards. Up to 65% of the total amount of BRL 11,890,837.74 (approximately 3.8 million) was paid in cash by Invexans to Nexans Brésil.

2.4 Corporate officer involved: Jérôme Gallot, Nexans Board member

Service contract of October 21, 2014

On July 24 and September 22, 2014, the Board of Directors approved a service agreement with Jérôme Gallot, a member of Nexans' Board of Directors, to carry out an in-depth diagnostic analysis assignment to streamline the Group's legal structures. The Company did not have the internal resources to carry out this assignment during the Group's reorganization launched in 2014 and still underway in 2015.

Jérôme Gallot brings with him his objectivity as an independent professional consultant in organization, also familiar with the general organization of the Group and its activities given his position as a Board member.

The objective, nature and compensation for this assignment were reviewed by the Appointments, Compensation and Corporate Governance Committee, excluding Jérôme Gallot, before approval by the Board of Directors.

Under this contract, Jérôme Gallot has received in 2015 total compensation of 19,950 euros.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the designated independent third party's report issued in French and it 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 that 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 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 Commitments entered into with Frédéric Vincent in connection with his term of office as Chairman of the Board of Directors of Nexans since October 1, 2014

Termination indemnity

Nature and purpose

On July 24, 2014, 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 of the Board of Directors as of October 1, 2014.

Terms and conditions

The indemnity will be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

The payment of the indemnity will be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Frédéric Vincent's forced departure. This condition will be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure;

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition will be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure is at least 50%;

(3) A financial performance condition based on free cash flow, which will be deemed to be met if free cash flow is positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

The amount of the termination indemnity will be determined as follows: (i) 100% of the indemnity will be due if at least two of the three conditions are met, (ii) 50% of the indemnity will be due if one of the three conditions is met, and (iii) no indemnity will be due if none of the conditions are met.

The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable performance conditions and submit their findings to the Board for a final decision.

The termination indemnity will be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that, in accordance with paragraph 3 of the Appendix to the Board of Directors' Internal Regulations, this condition will be deemed to be met unless the departure is due to serious misconduct), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chairman's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

The amount payable in respect of the termination indemnity will be paid in one lump sum no longer than one month following the Board of Directors' assessment of the performance conditions.

Non-compete indemnity

Nature and purpose

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent with effect from October 1, 2014 under which he undertakes to not exercise any business that would compete either directly or indirectly with any of the Company's business for a period of two years from the end of his term of office as Chairman of the Board of Directors, irrespective of the reason for the termination of his duties.

Terms and conditions

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total 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.

In accordance with Article 23-2-5 of the AFEP-MEDEF Code, in the event of Frédéric Vincent's departure, the Board of Directors will decide whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Welfare and pension plans

Nature and purpose

On July 24, 2014, in connection with Frédéric Vincent's term of office as Chairman of the Board of Directors as of October 1, 2014, the Board of Directors confirmed that Frédéric Vincent 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).

Terms and conditions

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan’s benefits conditional upon the beneficiary ending his professional career while still with the Company. 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 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 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 Code.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of executive corporate officers’ fixed and variable compensation as well as the reference period used for calculating plan benefits.

The total commitments given by the Group for pensions and similar benefits to which Frédéric Vincent is entitled amounted to 5,048,868 euros at December 31, 2014, excluding taxes. Payroll and similar taxes amounted to 661,691 euros.

1.2 Commitments entered into with Arnaud Poupart-Lafarge in connection with his term of office as Chief Executive Officer of Nexans since October 1, 2014

Termination indemnity

Nature and purpose

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Arnaud Poupart-Lafarge in the event of his removal from office as Chief Executive Officer as of October 1, 2014.

Terms and conditions

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 after the Board of Directors has noted the achievement of the performance conditions.

The indemnity will be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly compensation (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

The payment of the indemnity will be subject to three performance conditions, each measured over a three-year period:

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Arnaud Poupart-Lafarge's forced departure. This condition will be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure;

(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition will be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure is at least 50%;

(3) A financial performance condition based on free cash flow, which will be deemed to be met if free cash flow is positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e., either one or two years). If his forced departure takes place before the end of one full year, conditions (2) and (3) will be deemed to have been met. In both of the above two cases, the period used for measuring the attainment of the share performance condition will be the period between the date he took up his position and the date of his departure.

The amount of the termination indemnity will be determined as follows: (i) 100% of the indemnity will be due if at least two of the three conditions are met, (ii) 50% of the indemnity will be due if one of the three conditions is met, and (iii) no indemnity will be due if none of the conditions are met.

The Appointments, Compensation and Corporate Governance Committee will determine the achievement rate of the applicable conditions and submit their findings to the Board for a final decision.

The termination indemnity will be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that this condition will be deemed to be met in accordance with the conditions set out in paragraph 3 of the Appendix to the Board of Directors' Internal Regulations), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

The amount payable in respect of the termination indemnity will be paid in one lump sum no longer than one month following the Board of Directors' assessment of the performance conditions.

Non-compete indemnity

Nature and purpose

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Arnaud Poupart-Lafarge with effect from October 1, 2014 under which he undertakes to not exercise any business that would compete either directly or indirectly with any of the Company's business for a period of two years from the end of his term of office as Chief Executive Officer, irrespective of the reason for the termination of his duties.

Terms and conditions

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond 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.

In accordance with the provisions of Article 23.2.5 of the AFEP-MEDEF Code, in the event of Arnaud Poupart-Lafarge's departure, the Board will issue a decision whether or not the non-compete agreement entered into with him will apply and will be entitled to cancel it (in which case no non-compete indemnity will be payable).

Supplementary pension, welfare and unemployment insurance plan

Nature and purpose

On July 24, 2014, in connection with his term of office as Chief Executive Officer as of October 1, 2014, the Board of Directors approved the registration of Arnaud Poupart-Lafarge with the defined benefit pension plan set up by the Group for certain employees and corporate officers, Nexans' welfare plan (death, disability, incapacity and medical expenses) and the unemployment insurance plan.

Terms and conditions

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. 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 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 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 Code.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of executive corporate officers' fixed and variable compensation as well as the reference period used for calculating plan benefits.

The commitments given by the Group for pensions and similar benefits to which Arnaud Poupart-Lafarge is entitled amounted to 890,296 euros at December 31, 2014, excluding taxes. Payroll and similar taxes amounted to 569,818 euros.

1.3 Agreement executed with Invexans, Guillermo Luksic Craig, Nexans Board member and Chairman of the Board of Directors of Invexans, Francisco Pérez Mackenna, Nexans and Invexans Board member, and Hubert Porte, Nexans and Invexans Board member

Invexans engagement letter of May 22, 2014

Nature and purpose

On May 22, 2014, the Board of Directors approved the cancellation of the agreement of March 27, 2011 as modified by the amendment of November 26, 2012 set out in section 2.3 below, and accepted Invexans long-term commitment made on the same day.

Terms and conditions

Under the terms and conditions of this commitment, Invexans will not request representation on the Board in excess of three non-independent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) the filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans;
(2) a third party not acting, within the meaning of Article L.233-10 of the French Commercial Code, in concert with Invexans, holds a share in the Company that exceeds the lower of the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights currently held by Invexans;
(3) the percentage of the share capital held by Invexans in Nexans falls below 10%;
(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial market authority's (Autorité des Marchés Financiers – AMF).

Settlement agreement of November 26, 2014 to extend a tax amnesty program in Brazil

Nature and purpose

On November 26, 2014, the Board of Directors authorized a settlement agreement with Invexans in order to benefit from the expansion of a tax amnesty program in Brazil. This settlement is related to Invexans' indemnity obligation provided for under the Purchase Agreement of February 21, 2008 and its implementation agreements relating to Nexans' acquisition of Madeco's South American cables business.

On November 14, 2014, Nexans Brésil entered a tax amnesty program called REFIS IV with a legal proceeding under way with the Brazilian tax authorities, the risks for which amount to BRL 32.5 million (approximately 10.4 million euros). In addition, Invexans challenged Nexans' indemnity right under the Purchase Agreement and the implementation agreements. In order for Nexans to eliminate the risk of the abovementioned legal proceedings in progress and the risk that Invexans will not pay an indemnity, the Company entered into an agreement with Invexans which departs from the indemnity rules provided for under the Purchase Agreement and its implementation agreements.

Under the terms and conditions of this agreement, Nexans Brésil paid the tax authorities a lump sum of BRL 18,293,596.52 (approximately 5.8 million euros) in respect of the inclusion of the abovementioned legal proceeding within REFIS IV including BRL 9,540,096 (approximately 3 million euros) in cash and the outstanding balance of (BRL 8,753,500.52 (approximately 2.8 million euros) with tax loss carryforwards. Up to 65% of the total amount BRL 11,890,837.74 (approximately 3.8 million) was paid in cash by Invexans to Nexans Brésil.

1.4 Commitment entered into with Jérôme Gallot, Nexans Board member

Service contract of October 21, 2014

Nature and purpose

On July 24 and September 22, 2014, the Board of Directors approved a service agreement with Jérôme Gallot, a member of Nexans' Board of Directors, to carry out an in-depth diagnostic analysis assignment to streamline the Group's legal structures. The Company did not have the internal resources to carry out this assignment during the Group's reorganization launched in 2014 and still underway in 2015. Jérôme Gallot brings with him his objectivity as an external consultant in organization, as well as legitimacy and good knowledge of the Group given his position as a Board member. The objective, nature and compensation for this assignment were reviewed by the Appointments, Compensation and Corporate Governance Committee, excluding Jérôme Gallot, before approval by the Board of Directors.

Terms and conditions

Under this agreement, Jérôme Gallot receives compensation equal to 350 euros per hour (excluding expenses) and total compensation cannot exceed 20,000 euros. No compensation was paid or invoiced during the year ended December 31, 2014.

2. Agreements and commitments previously approved by the Annual General 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 Annual General Meeting in previous years, remained in force during the year ended December 31, 2014.

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 until June 30, 2014.

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 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

Nature and purpose

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.

Terms and conditions

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 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.

2.2 Commitments entered into with Frédéric Vincent in connection with his term of office as Chairman and CEO of Nexans until September 30, 2014

The agreements and commitments below, some of which were not carried out, concerning Frédéric Vincent's term of office as Chairman and CEO were entered into in 2012 and remained in force in 2014. These agreements and commitments expired at the same time as Frédéric Vincent's term of office as Chairman and CEO. They were replaced or renewed as of October 1, 2014, as set out in section 1.1 above.

Termination indemnity

Nature and purpose

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 equal to one year of his total compensation subject to certain performance conditions.

Non-compete indemnity

Nature and purpose

On February 7, 2012, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent equal to one year of his total 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, irrespective of the reason for the termination of his duties.

Welfare and pension plans

Nature and purpose

On February 7, 2012, the Board of Directors confirmed that the Chairman and CEO 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).

The total commitments given by the Group for pensions and similar benefits to which Frédéric Vincent is entitled amounted to 5,048,868 euros at December 31, 2014, excluding taxes. Payroll and similar taxes amounted to 661,691 euros.

2.3 Agreement executed with Invexans, Andronico Luksic Craig, Nexans Board member and Chairman of the Board of Directors of Invexans, Francisco Pérez Mackenna, Nexans and Invexans Board member, and Hubert Porte, Nexans and Invexans Board member

Termination of the March 27, 2011 agreement as amended on November 26, 2012, to strengthen the position of Invexans (formerly Madeco) as the Group's principal shareholder

Nature and purpose

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%. The agreement was accompanied by the appointment of a second representative, Francisco Pérez Mackenna, as proposed by Invexans at the Annual Shareholders' Meeting of May 31, 2011.

Terms and conditions

In accordance with its commitments under this agreement and given that Invexans' ownership interest in Nexans exceeded 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).

At its meetings of November 20 and November 23, 2012, the Board of Directors approved the amendment to the March 27, 2011 agreement 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.

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 amendment of May 22, 2014 terminated this agreement, provided that Invexans signs the engagement letter as set out in section 1.3 above.

The Statutory Auditors,

Paris La Défense, March 18, 2015
KPMG Audit
Départment of KPMG S.A.

Valérie Besson
Partner

Neuilly-sur-Seine, March 18, 2015
PricewaterhouseCoopers Audit

Eric Bulle
Partner

2015 ANNUAL SHAREHOLDERS' MEETING

The notice for Nexans' Annual Shareholders' Meeting to be held on May 5, 2015 – 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' Information – Shareholders' Meetings – 2015 Annual Shareholders' Meeting.

GOVERNANCE – RE-ELECTION OF DIRECTORS – APPOINTMENT OF A STATUTORY AUDITOR – 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 the following directors for four-year terms: Georges Chodron de Courcel and Cyrille Duval (independent directors) and Hubert Porte (a director proposed by the Company's principal shareholder, Invexans).

The re-election of these three directors would enable Nexans to capitalize on the knowledge of the Group they have built up over a number of years and to continue to benefit from their in-depth expertise.

If Georges Chodron de Courcel and Cyrille Duval are re-elected, the Company would be able to maintain the proportion of independent directors on the Board at more than the 50% recommended for widely-held companies in the AFEP-MEDEF Corporate Governance Code. The re-election of Hubert Porte would be in line with both the long-term partnership set up between the Company and its principal shareholder, Invexans, and the long-term undertaking given by Invexans on May 22, 2014.

Given the numbers of Board meetings held in 2014 (13 meetings), the attendance rates of Messrs. Chodron de Courcel, Duval and Porte at the Board meetings held in 2014 (100%, 92% and 85% respectively) demonstrate their commitment to the Board's work. Georges Chodron de Courcel and Cyrille Duval also attended all of the meetings held in 2014 by the Board Committees of which they are members.

If the Company's shareholders re-elect these three directors, taking into account the two directors whose terms of office won't be renewed at their request (Mouna Sepehri and Robert Brunck), the Board of Directors would have 12 members. Of these, the following six members were qualified as independent by the Board at its meeting on January 21, 2015: Georges Chodron de Courcel, Cyrille Duval, Jérôme Gallot, Philippe Joubert, Véronique Guillot-Pelpel and Colette Lewiner, corresponding to an independence rate of 54%, which exceeds the 50% recommended for widely-held companies in the AFEP-MEDEF Code.

The proportion of women on the Board would be more than 33%, in line with the provisions of the French Act of January 27, 2011. Consequently, the Board's structure would comply with the currently applicable regulations and the provisions of the AFEP-MEDEF Code on improving the gender balance on Boards of Directors.

The profiles of the three directors standing for re-election are provided in the Notice of Meeting.

If they are re-elected, the directors' terms of office would continue to be staggered, and would expire as follows:

2016 Annual Shareholders' Meeting	Frédéric Vincent, Colette Lewiner, Lena Wujek (2)
2017 Annual Shareholders' Meeting	Jérôme Gallot, Francisco Pérez Mackenna (4), Andrónico Luksic Craig (4)
2018 Annual Shareholders' Meeting	Véronique Guillot-Pelpel, Philippe Joubert, Fanny Letier (3)
2019 Annual Shareholders' Meeting	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte (4)

In addition, as the terms of office of KPMG (Statutory Auditor) and Denis Marangé (Substitute Auditor) are due to expire at the close of the 2015 Annual Shareholders' Meeting, shareholders will be invited to appoint Mazars as Statutory Auditor and Gilles Rainaut as Substitute Auditor.

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 and commitments entered into in 2014, which are described in the Statutory Auditors' special report presented to the Shareholders' Meeting. The agreements and commitments set out in the Statutory Auditors' report include (i) agreements terminated

(1) Independence rate calculated excluding the director representing employee shareholders, in accordance with Recommendation 9.2 of the June 2013 version of the AFEP-MEDEF Code.
(2) Director representing employee shareholders
(3) Director proposed by the shareholder Bpifrance Participations.
(4) Director proposed by the Company's principal shareholder, Invexans.

and entered into with the Company's principal shareholder, Invexans, concerning its representation on Nexans' Board of Directors and a tax amnesty in Brazil for the purposes of settling a dispute, (ii) an agreement entered into with Jérôme Gallot, a Nexans Board member, and (iii) commitments given to Frédéric Vincent in his capacity as Chairman of the Board of Directors and to Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer.

CONSULTATIVE VOTE ON THE COMPENSATION DUE OR PAID TO EXECUTIVE OFFICERS FOR 2014

In accordance with the recommendations of the June 2013 version of the AFEP-MEDEF Code, shareholders will be given a "say-on-pay" consultative vote on the compensation due or paid for 2014 to the Chairman of the Board of Directors, Frédéric Vincent, and to the Chief Executive Officer, Arnaud Poupart-Lafarge.

When setting the overall structure of the compensation packages of the Chairman of the Board of Directors and the Chief Executive Officer, the Board draws on reports by independent consultants on market practices for comparable companies. When Frédéric Vincent's compensation was set for 2014 the Board also took into account the transition process under way in relation to the Company's governance structure, because in view of Mr. Vincent's previous role as Nexans' Chairman and Chief Executive Officer between 2009 and 2014, he was tasked by the Board to work closely with the new executive management team. Furthermore, he has broader roles and responsibilities than those normally assigned to a Board Chairman pursuant to the French Commercial Code. These roles and responsibilities are described in the Board's internal regulations and include:

- chairing the Strategy Committee;
- representing the Company in national and international professional organizations in liaison with Executive Management;
- representing the Company in high-level relations with public authorities and the Group's major partners in France and abroad, in liaison with Executive Management;
- building the Group's image;
- liaising between the Board of Directors and the Company's shareholders in conjunction with Executive Management.

For 2015, the Board of Directors has decided, in agreement with Mr. Vincent, that his compensation in his capacity as Chairman of the Board will not include a variable component. Similarly, the Board of Directors has decided not to include the Chairman in any possible future long-term incentive plans (performance shares).

These decisions are taken in the context of the Group's change of governance. They relate to the end of the transition period that began in October 2014 and will be concluded in May 2016 at the time of expiration of the Chairman's mandate. After this period, Nexans Chairman will have the role of a non-executive chairman.

The shareholders' say-on-pay vote concerning Frédéric Vincent will relate to the following for 2014: fixed compensation, variable compensation, directors' fees, benefits-in-kind, performance shares, supplementary pension benefits, personal insurance benefits and termination and non-compete indemnities.

The shareholders' say-on-pay vote concerning Arnaud Poupart-Lafarge for 2014 will relate to fixed compensation, variable compensation, deferred variable compensation, benefits-in-kind, performance shares, supplementary pension benefits, personal insurance benefits, unemployment insurance coverage and termination and non-compete indemnities.

These components of the compensation due or paid to the Chairman and the Chief Executive Officer for 2014 are detailed in the tables included in the notice of meeting for the 2015 Annual Shareholders' Meeting.

FINANCIAL AUTHORIZATIONS – EMPLOYEE SHARE OWNERSHIP – PERFORMANCE SHARE PLAN

Shareholders will be invited to renew for an eighteen-month period the authorizations enabling the Board of Directors to implement the Company's employee share 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 350,000 performance shares and 30,000 free shares. The free shares would be allocated to certain high-potential managers and/or employees who have delivered exceptional performance (other than Management Council members and performance share grantees), 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 5, 2015 Annual Shareholders' Meeting.

The portion of performance shares allocated to the Chief Executive Officer would represent a maximum of 12% of the total number of performance shares authorized for allocation, i.e. around 0.10% of the Company's capital at December 31, 2014. The total dilutive impact of the plan would be approximately 0.9% based on the Company's capital at December 31, 2014.

SUMMARY OF FINANCIAL AUTHORIZATIONS SUBMITTED TO THE MAY 5, 2015 ANNUAL SHAREHOLDERS' MEETING

The table below summarizes the authorizations submitted to the May 5, 2015 Annual Shareholders' Meeting:

Resolutions proposed at the Annual Shareholders' Meetings of May 5, 2015	Limits per resolution [(1)] *(nominal amount)*	Sub-limits applicable to several resolutions *(nominal amount)*	Limits applicable to several resolutions *(nominal amount)*	Overall cap *(nominal amount)*
PURCHASE AND CANCELATION OF SHARES				
Purchase by the Company of its own shares under a buyback program (except during a tender offer for the Company), with a maximum per-share purchase price of 60 and provided that the shares issued do not represent more than 10% of the Company's total outstanding shares. Authorization valid for 18 months.	€100,000,000			
Cancelation of shares purchased under buyback programs (capital reduction). Authorization valid for 26 months.	10% of the Company's total outstanding shares in any period of 24 months			
CAPITAL INCREASES EITHER WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS				
Issue of ordinary shares with pre-emptive subscription rights, with a greenshoe option	10,000,000 shares (< 25% of the share capital)	-	10,000,000 shares (< 25% of the share capital)	10,380,000 shares
Issue of shares to be paid up by capitalizing additional paid-in capital, reserves or income	10,000,000 shares (< 25% of the share capital)	-		
Issue of debt securities carrying rights to new equity instruments (e.g. convertible bonds, equity notes etc.), without pre-emptive subscription rights, through a **public offering** or a **private placement**, with a greenshoe option	4,255,000 shares (< 10% of the share capital) Debt securities: €250,000,000	4,255,000 shares (< 10% of the share capital)		
Issue of shares and/or securities carrying rights to shares in payment for securities transferred to the Company	4,255,000 shares (< 10% of the share capital)			
EMPLOYEE PROFIT-SHARING SYSTEMS				
Issue of shares and/or securities carrying rights to shares for members of employee share ownership plans	400,000 shares	-		
If the above authorization is used, shares and/or securities carrying rights to shares to be issued to a credit institution for the purposes of setting up an alternative share ownership formula involving stock appreciation rights (SAR) for employees in the USA, Italy, China, South Korea, Greece and Sweden.	100,000 shares			
Allocation of **performance shares** to key management personnel, including executive officers	350,000 shares	-	-	
Allocation of **free shares** to certain high-potential managers and/or employees who have delivered exceptional performance (other than Management Council members and performance share grantees)	30,000 shares			

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

MEMBERS OF THE BOARD COMMITTEES (AS AT MARCH 17, 2015)

Accounts and Audit Committee

Georges Chodron de Courcel (Chairman)
Cyrille Duval
Jérôme Gallot

Appointments, Compensation and Corporate Governance Committee

Véronique Guillot-Pelpel (Chairwoman)
Georges Chodron de Courcel
Jérôme Gallot
Francisco Pérez Mackenna

Strategy Committee

Frédéric Vincent (Chairman)
Jérôme Gallot
Philippe Joubert
Fanny Letier
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 a Registration Document and three 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 **0 800 898 898** (in France only) or via e-mail to investor.relation@nexans.com.

Open dialog

In 2014, Nexans held around a hundred meetings with analysts and investors.

The Annual Shareholders' Meeting was held on first call on May 15, 2014 at the Palais des Congrès in Paris and a webcast was available on the Group's website www.nexans.com.

2014 Investor Relations Award

In 2014 Nexans won the mid-caps category in the investor relations awards given by the French financial newspapers Les Echos, Investir, Le Journal des Finances, and the auditors Mazars, to the listed companies that demonstrate the best ability to develop strong and long-lasting relations with their shareholders.

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
Tél. +33 (0) 2 51 85 67 89, then press *122
Fax +33 (0) 2 51 85 53 42

Shareholders' agenda

April 28, 2015: First-quarter 2015 financial information
May 5, 2015: Annual Shareholders' Meeting
July 29, 2015: First-half 2015 results

STATUTORY 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

	KPMG International				PricewaterhouseCoopers Audit			
	Amount (excl. Taxes)		%		Amount (excl. Taxes)		%	
(in thousands of euros)	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Audit services								
Statutory and contractual audits								
• Parent company	212	211	13%	9%	383	369	13%	12%
• Fully consolidated companies	1,227	1,298	75%	58%	2,115	2,029	70%	66%
Other audit-related services								
• Parent company	30	160	2%	7%	0	132	0%	4%
• Fully consolidated companies	85	293	5%	13%	215	270	7%	9%
SUB-TOTAL	**1,554**	**1,962**	**95%**	**88%**	**2,713**	**2,800**	**90%**	**91%**
Other services								
Tax, legal and Labor-related services	86	263	5%	12%	243	283	8%	9%
Other	1	0	0%	0%	64	0	2%	0%
SUB-TOTAL	**87**	**263**	**5%**	**12%**	**307**	**283**	**10%**	**9%**
TOTAL	**1,641**	**2,225**	**100%**	**100%**	**3,020**	**3,084**	**100%**	**100%**

STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING AN ANNUAL FINANCIAL REPORT

Paris, March 27, 2015

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 16 to 89 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 a completion 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 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 the Registration Document filed with the AMF on April 7, 2014 under number D.14-0296 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 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."*

The Statutory Auditors' report presented on pages 186 and 187 of this Registration Document relating to the consolidated financial statements for 2014 contains the following observation: *"Without qualifying our opinion, we draw your attention to: section e "Antitrust investigation: April 7, 2014 notification of the European Commission's decision" of **Note 2** "Significant events of the year" to the consolidated financial statements, and section a "Antitrust investigations" of **Note 29** "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 210 and 211 of this Registration Document relating to the parent company financial statements for 2014 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."*

Arnaud Poupart-Lafarge,
Chief Executive Officer

7. 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, 2013, and the information contained in the Management report, presented on pages 106 et seq. and 14 et seq., respectively, of the 2013 Registration document filed with the French financial markets authority (Autorité des Marchés Financiers - AMF) on April 7, 2014 under no. D.14-0296.

- 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 AMF on April 3, 2013 under no. D.13-0273.

The sections of the 2013 and 2012 Registration documents not included are either not applicable for investors or are covered by another section in this 2014 Registration document.

The pages in the table below refer to this Registration Document filed with the AMF, unless stated otherwise.

CONCORDANCE TABLE

Sections in Annex I of European Regulation no. 809/2004		Pages
1.	**PERSONS RESPONSIBLE**	**239**
2.	**STATUTORY AUDITORS**	**238**
3.	**SELECTED FINANCIAL INFORMATION**	**7-8 ; 11-12**
4.	**RISK FACTORS**	**26-35**
5.	**INFORMATION ON THE ISSUER**	
5.1.	History and development of the Company	217
5.2.	Investments	220
6.	**BUSINESS OVERVIEW**	
6.1.	Principal activities	1 ; 4 ; 18-20 ; 132-133
6.2.	Principal markets	1 ; 4 ; 7-8 ; 145-146
6.3.	Exceptional events	3 ; 21-22 ; 25 ; 130-132
6.4.	Potential Dependence	29
6.5.	Basis for statements regarding competitive position	16-20 ; 30-31
7.	**ORGANIZATIONAL STRUCTURE**	
7.1.	Summary description of the Group	1 ; 16-22 ; 159-162 ; 183-184 ; 207 ; 214
7.2.	List of significant subsidiaries	183-184 ; 214
8.	**PROPERTY, PLANT AND EQUIPMENT**	
8.1.	Significant existing or planned tangible fixed assets	142 ; 220
8.2.	Environmental issues that could influence the use of tangible fixed assets	31-32 ; 63-68
9.	**OPERATING AND FINANCIAL REVIEW**	**8-12 ; 18-23**
10.	**CASH AND EQUITY**	
10.1.	Issuer's capital resources	60-61 ; 147-151 ; 159-162
10.2.	Source and amount of cash flows	120
10.3.	Borrowing requirements and funding structure	159-162
10.4.	Restrictions on the use of capital that have materially affected, or could materially affect, the issuer's operations	33-34 ; 164-172
10.5.	Anticipated sources of funding	61 ; 159-162

CONCORDANCE TABLE FOR THE ANNUAL FINANCIAL REPORT

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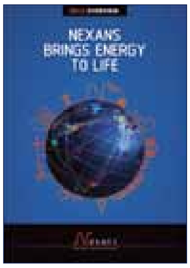

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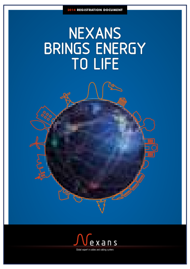

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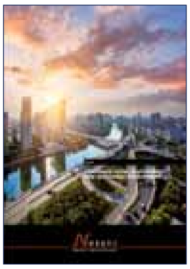
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