NEXANS

2014 CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

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 and 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

(At December 31, in millions of euros)	Notes	**2014**	**2013**
ASSETS			
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*		0	30
CURRENT ASSETS		**3,338**	**3,497**
TOTAL ASSETS		**5,228**	**5,461**
EQUITY AND LIABILITIES			
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*		0	30
CURRENT LIABILITIES		**2,100**	**2,300**
TOTAL EQUITY AND LIABILITIES		**5,228**	**5,461**

** At December 31, 2013, assets and groups of assets held for sale and the related liabilities corresponded to the net assets of 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	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**
January 1, 2013	**29,394,042**	**30**	**1,301**	-	275	**7**	**180**	**1,793**	**50**	**1,843**
Net income (loss) for the year	-	-	-	-	(333)	-	-	**(333)**	3	**(330)**
Other comprehensive income (loss)	-	-	-	-	8	(44)	(144)	**(180)**	(0)	**(180)**
Total comprehensive income (loss)	-	-	-	-	**(325)**	**(44)**	**(144)**	**(513)**	**3**	**(510)**
Dividends paid	-	-	-	-	(15)	-	-	**(15)**	(1)	**(16)**
Capital increases	12,612,942	13	267	-	-	-	-	**280**	-	**280**
Equity component of OCEANE bonds	-	-	-	-	-	-	-	**-**	-	**-**
Employee stock option plans:										
- Service cost	-	-	-	-	3	-	-	**3**	-	**3**
- Proceeds from share issues	36,161	0	1	-	-	-	-	**1**	-	**1**
Transactions with owners not resulting in a change of control	-	-	-	-	-	-	-	**-**	-	**-**
Other	-	-	-	-	1	-	-	**1**	(1)	**(1)**
December 31, 2013	**42,043,145**	**42**	**1,569**	**-**	**(61)**	**(37)**	**36**	**1,549**	**51**	**1,600**
Net income (loss) for the year	-	-	-	-	(168)	-	-	**(168)**	(2)	**(170)**
Other comprehensive income (loss)	-				(33)	(27)	57	**(3)**	3	**0**
Total comprehensive income (loss)					**(201)**	**(27)**	**57**	**(171)**	**1**	**(170)**
Dividends paid	-	-	-	-	0	-	-	**0**	(1)	**(1)**
Capital increases	-	-	-	-	-	-	-	**-**	-	**-**
Equity component of OCEANE bonds	-	-	-	-	-	-	-	**-**	-	**-**
Employee stock option plans*:										
- Service cost	-	-	-		3	-	-	**3**	-	**3**
- Proceeds from share issues	8,292	0	(0)	-	-	-	-	**0**	-	**0**
Transactions with owners not resulting in a change of control	-				(5)	-	-	**(5)**	5	**-**
Other	-	-	-	-	(1)	-	2	**1**	-	**1**
December 31, 2014	**42,051,437**	**42**	**1,569**	**-**	**(265)**	**(64)**	**95**	**1,377**	**56**	**1,433**

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

Consolidated statement of cash flows

(in millions of euros)		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 restatements[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.

o **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.
- ✓ **Amendment 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.

o **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 included 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 "Net asset impairment" 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 headed by 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*	**171**
Depreciation and amortization	(73)	(37)	(30)	(5)	**(145)**
Net impairment of non-current assets (including goodwill)**	(44)	(11)	(46)	(3)	**(104)**

* This amount includes the positive 30 million euro impact related to the curtailment and settlement of two defined benefit pension plans (see **Note 20**).
** 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****	**Germany**	**Norway**	**Other*****	**Group total**
Contribution to net sales at current metal prices*	918	776	693	4,016	**6,403**
Contribution to net sales at constant metal prices*	656	669	647	2,615	**4,587**
Non-current assets (IFRS 8)* *(at December 31)*	150	135	161	1,218	**1,664**

* *Based on the location of the Group's subsidiaries.*

*** Including Corporate activities.*

**** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.*

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

* *Based on the location of the Group's subsidiaries.*

*** Including Corporate activities.*

**** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.*

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*	(in hours)	330,000	338,000

** Aggregate estimated number of training hours accumulated by staff at December 31 (French companies only). Costs incurred in relation to this training entitlement are recognized as expenses for the period and no related provision is recorded.*

Payroll costs in the above table include share-based payments 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*	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	2.50%	3.00%	3.00%-5.50%	3.50%	N/A	6.00%
Discount rate applied	8.0%	8.5%	8.0%-12.0%	9.5%	N/A	10.0%

* 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		Aluminum	
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 excluding depreciation and amortization) 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 non-current 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*	(13)	(15)
Other	(5)	(4)
Other financial income and expenses	**(26)**	**(19)**

* *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 %)*	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**	(20)	(11)
Actual income tax benefit (charge)	**(32)**	**(39)**
Effective tax rate (in %)	23.41%	13.55%

** 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.*

*** 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*	Amounts reclassified to the income statement*	**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	N/A	**14**	41
Share of other non-recyclable comprehensive income of associates	-	-	N/A	**-**	-
Tax impact on non-recyclable components of comprehensive income	**27**	**14**	**N/A**	**14**	**41**

** 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*	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)

** 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

(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*	14	17
Pension plan assets	3	6
Derivative instruments	0	0
Other	14	13
Total	**73**	**58**

**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*	6	(3)	4
At December 31, 2014	9	18	8

** 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

	2014	2013

At December 31, in millions of euros		
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.

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

[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.

Grant date	Number of options originally granted	Number of options granted as adjusted after the rights issue*	Number of options outstanding at the year-end	Exercise price (in euros)	Exercise price as adjusted after the rights issue* (in euros)	Exercise period
November 23, 2005	344,000	361,447	0	40.13	34.43	From Nov. 23, 2006** to Nov. 22, 2013
November 23, 2006	343,000	398,317	0	76.09	65.28	From Nov. 23, 2007** to Nov. 22, 2014
February 15, 2007	29,000	32,147	17,484	100.94	86.60	From Feb. 15, 2009*** to Feb. 14, 2015
February 22, 2008	306,650	354,841	324,631	71.23	61.11	From Feb. 22, 2009** to Feb. 21, 2016
November 25, 2008	312,450	358,633	305,715	43.46	37.29	From Nov. 25, 2009** to Nov. 24, 2016
March 9, 2010	335,490	389,026	354,076	53.97	46.30	From March 9, 2011** to March 8, 2018
Total	**1,670,590**	**1,894,411**	**1,001,906**			

** See **Note 19.i**.*

*** Vesting at a rate of 25% per year.*

**** 50% vesting after two years and the balance vesting at an annual rate of 25% thereafter.*

Changes in the number of options outstanding

	Number of options	Weighted average exercise price *(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 (%)*	3.70%	4.00%	3.34% - 3.46%	2.72% - 2.87%	2.04% - 2.54%
Dividend rate (%)	1.50%	1.50%	3.13%	4.68%	2.64%
Fair value of the option (in euros)**	22.79	28.22	19.24 - 17.44	9.38 - 8.47	19.71 - 17.85

** The method used by the Group to value stock options has been fine-tuned for plans issued 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.*

*** 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*	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

* 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 (%)*	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

** 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

	2014	2013
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:

	2014		2013	
Breakdown of actuarial gains and losses on benefit obligation	in millions of euros	% of DBO	in millions of euros	% 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**		**2013**	
	(in millions of euros)	%	(in millions of euros)	%
Equities*	151	33%	156	37%
Bonds and other fixed income products*	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%

** 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***	**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**

** 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:

(in millions of euros)	**Redundancy costs**	**Asset impairment and retirements***	**Other monetary expenses**	**Total**
Additions to provisions for restructuring costs	118	31	18	167
Reversals of surplus provisions	(1)	-	-	(1)
Other costs for the year	4	-	10	14
Total restructuring costs	**121**	**31**	**28**	**180**

** Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.*

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	2014	2013	Note
Ordinary bonds*	**596**	**595**	**22.b**
Convertible bonds*	**452**	**445**	**22.b**
Other long-term borrowings*	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**	

** 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, 2014, 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*	**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**	**618**	**600**			

** Including 15 million euros in short-term accrued interest at December 31, 2014.*

*** 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* (%)		**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**

** Effective interest rate.*

Over 99% of the Group's medium- and long-term debt is at fixed interest rates.

Long-term debt denominated in currencies other than the euro essentially corresponds to borrowings granted to Liban Cables which carry preferential rates.

Short-term debt

	Weighted average EIR* (%)		In millions of euros	
At December 31	**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**

** 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

(in millions of euros)	Due within 1 year		Due in 1 to 5 years		Due beyond 5 years		Total	
	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	***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*						***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*						***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***	***15***		**6**	**6**
Forward sales	*14*	*0*	*16*	*10*	***40***			83		
Forward purchases	*164*	*0*	*88*	*12*	***264***			287		
Metal derivatives – Held for trading*						***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***

** 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 and amortization.

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.

At December 31, in millions of euros	2014			2013		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Variable rate						

Financial liabilities*	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*	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**

** 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 quite rare – 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.

	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	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)*	-	-	-	-		241	241
Certificates of deposit/EMTN	-	50	93	-	3		146
Total	**14**	**108**	**54**	**17**	**3**	**241**	**437**

** 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[2].

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.

[2] Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

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 tonnes and 105,000 tonnes 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 tonnes of copper classified as Core exposure at December 31, 2014 (58,825 tonnes 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* (after tax)	**13**	**12**

** 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**)**	**Impact on equity* (after tax**)**
Trade receivables	(12)	N/A
Bank accounts	(3)	N/A
Trade payables	14	N/A
Loans/borrowings	(11)	-
Net position – USD underlyings***	**(12)**	**-**
Portfolio of forward purchases****	(37)	(4)
Portfolio of forward sales****	41	11
Net position – USD derivatives	**4**	**7**
Net impact on the Group	**(8)**	**7**

** Excluding net income (loss) for the period.*

*** Using a theoretical income tax rate of 34.43%.*

**** Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.*

***** Forward purchases and sales that comprise an exposure to the US dollar.*

Sensitivity at December 31, 2013 *(in millions of euros)*	**Impact on income (net after tax**)**	**Impact on equity* (after tax**)**
Trade receivables	(10)	N/A
Bank accounts	(4)	N/A
Trade payables	15	N/A
Loans/borrowings	(8)	-
Net position – USD underlyings	**(7)**	**-**
Portfolio of forward purchases***	(15)	(22)
Portfolio of forward sales***	28	18
Net position – USD derivatives	**13**	**(4)**
Net impact on the Group	**6**	**(4)**

** Excluding net income (loss) for the period.*

*** Using a theoretical income tax rate of 34.43%.*

**** Forward purchases and sales that comprise an exposure to US dollars.*

Sensitivity 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**)**	**Impact on equity* (after tax**)**
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***	0.7	-
Portfolio of forward sales***	(1.1)	15
Net position – NOK derivatives	**(0.4)**	**15**
Net impact on the Group	**1.4**	**11**

** Excluding net income (loss) for the period.*

*** Using a theoretical income tax rate of 34.43%.*

**** Forward purchases and sales that comprise an exposure to the Norwegian krone.*

Sensitivity at December 31, 2013 *(in millions of euros)*	**Impact on income (net after tax**)**	**Impact on equity* (after tax**)**
Trade receivables	0.5	N/A
Bank accounts	(0.1)	N/A
Trade payables	(1.0)	N/A
Loans/borrowings	0.1	-
Net position – NOK underlyings	**(0.5)**	**-**
Portfolio of forward purchases***	2.1	0
Portfolio of forward sales***	1.0	0
Net position – NOK derivatives	**3.1**	**0**
Net impact on the Group	**2.6**	**0**

** Excluding net income (loss) for the period.*

*** Using a theoretical income tax rate of 34.43%.*

**** Forward purchases and sales that comprise an exposure to the Norwegian krone.*

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**		**2013**	
			Carrying amount	**Fair value**	**Carrying amount**	**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*	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*	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

** 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

2014 *(in millions of euros)*	Net gains (losses)					
	Interest	On subsequent remeasurement			On disposal	2014 total
		Fair value adjustments	Currency translation differences	Impairment		
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:

(in millions of euros)	**2014**	**2013**
Compensation for corporate officer positions*	1.2	1.5
Directors' fees*	0.0	0.0
Compensation under employment contracts and benefits in kind*	8.1	9.8
Stock options**	0.0	0.2
Performance shares**	2.0	1.0
Termination benefits*	-	-
Long-term incentive plan**	0.2	0.3
Accruals for pension and other retirement benefit obligations***	6.2	5.4
Total compensation	**17.7**	**18.2**

** Amounts paid during the year, including payroll taxes.*
*** Amounts expensed in the income statement during the year.*
**** For defined benefit plans this item includes the service cost and interest expense for the year.*

Additional information on 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. In May, 2014, the Board of Directors 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 April 7, 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 against the decision before the General Court.

At June 30, 2014, Nexans France SAS booked a liability of 70.6 million euros in respect of the fine which was paid at the beginning of July 2014 (thus within 90 days from 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 potential follow on actions in Europe (if the decision of the European Commission had not taken into account the lack of effects on customers, which it is not required to do 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, namely the United States, Canada, Brazil,

Australia and South Korea (other than ongoing investigations into local activities as described below).

The provision is based on assumptions about consequences in similar cases as well as on management's estimations based on the information available today. Uncertainty therefore remains as to the amount of the risk linked to potential claims and fines in the other countries where investigations or procedures are currently ongoing. The final costs related to these risks could thus be significantly different from the amount of the provision recognized at June 30, 2014.

In addition, as described in previous period consolidated financial statements, 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 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 judgment with respect to one of the customer claims relating to the 2007 cases which resulted in the Korean subsidiaries of Nexans being ordered to pay the equivalent of 2 million euros. The judgment is subject to appeal.
In the 2013 proceedings, 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 court 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.
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 set aside a provision in this respect.

b. Other disputes and proceedings giving rise to the recognition of provisions

For cases where the criteria are met for recognizing provisions, the Group considers that the 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 filed an appeal.

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 new securitization program for euro-denominated trade receivables in the second quarter of 2010 (as described in **Note 25.a**), Nexans granted a joint and several guarantee to the arranging bank. This guarantee covers (i) the payment obligations of the two Nexans subsidiaries selling the receivables under the programs concerned and (ii) the consequences that could arise if any of the receivables sales under the programs were rendered invalid, in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables.

At December 31, 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 Brazilian Real 23.6 million (approximately 9.4 million euros). In return, the Madeco group will not be required to pay any compensation with respect to the civil and employment law proceedings still in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, 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 given			
Forward purchases of foreign currencies*	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 tonnes)	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*	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	

** 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[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 have occurred after since December 31, 2014.