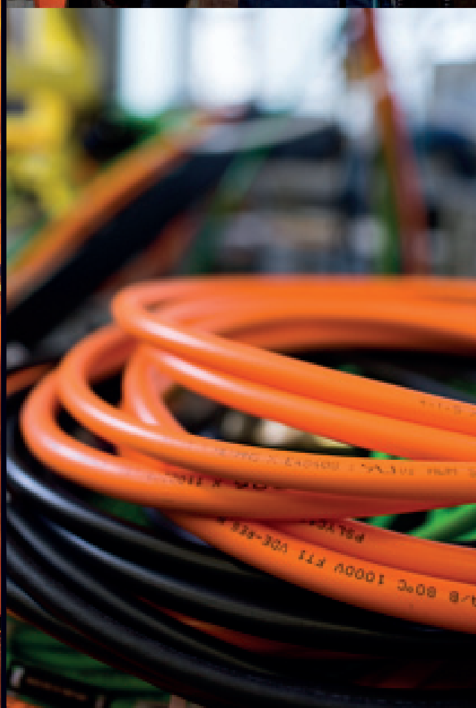
2015 REGISTRATION DOCUMENT



Nexans

BRINGS ENERGY TO LIFE

Contents

This Registration document contains Nexans' annual financial report for fiscal year 2015.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration document was filed with the Autorité des Marchés Financiers (French stock market authorities) on 7 avril 2016, in accordance with article 212-13 of the General Regulations of the AMF. It may be used in connection with a financial transaction only if supplemented by a transaction memorandum which has been reviewed by the AMF. This document has been established by the issuer and is binding upon its signatories.

A global player in the cable industry bringing energy to life

26,000
EMPLOYEES

6.2
BILLION EUROS IN SALES(1)

MANUFACTURING SITES IN
40 COUNTRIES

WORLDWIDE
SALES PRESENCE

Every day, our energy and data cables make it possible for millions of people to take action, make things, get around, stay informed, communicate, have fun and stay healthy.

Our mission: to design, produce and market cables and cabling systems that transport the electricity and data we need in our daily lives and societies safely, reliably, efficiently and sustainably.

On the leading edge of our industry for over a century, we provide solutions for the most complex applications in the most demanding environments.
Through our combination of technological leadership, global expertise and local presence, we can effectively partner our customers' development projects, offering them the best conditions for achieving their objectives while respecting the highest levels of safety and taking the greatest possible care of people and the environment.

A world leader in the cable industry, we bring energy to life.

Nexans is listed on NYSE Euronext Paris.

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

(1) At current metal prices.

"AFTER 15 YEARS DEVOTED TO NEXANS AND ITS DEVELOPMENT, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK ALL OF THE COMPANY'S TEAMS AND SHAREHOLDERS FOR THEIR UNWAVERING COMMITMENT AND SUPPORT."

Message from Frédéric Vincent,
Chairman of the Board of Directors

In 2015, Nexans continued its transformation process, with all of its teams playing their part. The results of these efforts are encouraging and demonstrate that we are on the right track, with improvements in indicators as fundamental as operating margin, working capital and debt.

This progress was achieved against the backdrop of a new governance structure with the roles of Chairman of the Board and Chief Executive Officer separated, which the Board put in place in May 2014 based on my recommendation. In today's difficult international operating environment, I felt it was essential to have a Chief Executive Officer entirely devoted to implementing strategic priorities, with the hands-on presence that such a role requires.

Time has shown that this decision was definitely the right one. And having worked closely alongside Arnaud Poupart-Lafarge over the past twenty months, we have been able to ensure a seamless transition. I therefore informed the Board on February 17, 2016 that I intended to stand down from my position as Chairman of the Board on March 31, 2016, a few weeks before the expiration date of my term of office.

The Board of Directors appointed Georges Chodron de Courcel as non-executive Chairman of Nexans effective from my departure. This appointment will give the Group the stability it needs to continue the turnaround of its operating performance under the direction of its Chief Executive Officer, Arnaud Poupart-Lafarge. As a Director of Nexans since 2001 and Chairman of the Accounts and Audit Committee, Georges Chodron de Courcel brings to the Group his high-level expertise in the world of industry and his extensive experience as a top business executive. In addition, through this appointment the Board has affirmed its decision to continue to clearly separate the duties of Chairman of the Board from executive management responsibilities.

After 15 years devoted to Nexans and its development, I would like to take this opportunity to thank all of the Company's teams and shareholders for their unwavering commitment and support. Nexans has many solid strengths and I firmly believe that it will continue to draw on these in order to pursue its growth trajectory and further enhance its performance.

All that remains is for me to wish the very best to all of Nexans' people who dedicate their time, talent and resources to securing the Group's future.

Interview with Arnaud Poupart-Lafarge,
Chief Executive Officer

HOW WOULD YOU SUM UP 2015?

In 2015, the Group's transformation process moved up a gear and yielded the results we were expecting.
Operating margin widened by 32%, debt was 2.3 times lower than the previous year, and operating working capital was reduced by 345 million euros. Our teams' dedicated commitment to effectively implementing our operating efficiency programs and cost saving measures played a vital role in achieving this performance.

These results were delivered despite a slight contraction in sales, reflecting the combined impact of three main factors – (i) a selective sales policy focused on profit margins (particularly in the industry and building sectors), (ii) brisk growth for submarine high-voltage cables, automotive harnesses and data network cables; and (iii) a sharp downturn in the oil & gas and mining commodities markets.

Our drive for achieving excellence in all aspects of customer service paid off in 2015, with some major contract wins notched up during the year.
At end-2015 our order books represented one year's worth of sales in the land high-voltage business and 2.7 years for submarine high-voltage cables. These strong figures were fueled by inter-country green power links such as NordLink between Norway and Germany, and NSN Link between Norway and the UK.
At the same time, the increasing move towards renewable energy opened up new projects for us, including for solar power farms (Cestas in France and Fonte Solar in Brazil), hydropower, with the new Los Cóndores plant in Chile, and of course wind power, with a highly innovative wind farm contract signed with Statoil for cabling the world's first floating wind farm, located off the Scottish coast.

Another innovative project we are involved in is the design and production of a superconducting cable to increase the resilience of the urban electricity grid in Chicago.
In the transport sector, our fire-resistant cables have been installed in the super cruise ships built by Fincantieri and Meyer Werft, as well as in the new underground railway line in Istanbul.
We are also playing an important part in facilitating the exponential increase in data transmission around the world by supplying 1,100 km of cables for a submarine fiber optic link between Cameroon and Nigeria, providing an advanced robotic fiber optic connection solution for Stokab's network in Stockholm, and equipping BNP Paribas' latest-generation data center.

HOW ARE THE GROUP'S STRATEGIC INITIATIVES PROGRESSING?

Operating margin totaled 195 million euros in 2015, representing 4.2% of sales versus 3.2% in 2014. All of the Group's business segments contributed to the year-on-year rise and the strategic initiatives we have put in place accounted for more than half of the 2015 operating margin figure, i.e., 106 million euros (*versus* 73 million euros in 2014). These initiatives are focused on three main areas for progress – regaining competitiveness, strengthening our market leadership and pro-actively managing our portfolio.

The Group's competitiveness was boosted during the year by the fact that we met our fixed costs reduction target ahead of schedule. In addition, the reorganization plan begun in 2013 for our European operations was completed and delivered the expected results, and the plan announced in June 2015 to streamline the Group's support functions and reduce capacity for medium-voltage cables in Europe was launched at the

"IN 2015, THE GROUP'S TRANSFORMATION PROCESS MOVED UP A GEAR AND YIELDED THE RESULTS WE WERE EXPECTING."

beginning of 2016. Meanwhile, our other strategic measures are proceeding in line with plans.

In terms of variable costs, as expected, the Group felt the benefits of the purchasing efficiency measures we have continued to roll out. On the other hand, several plants saw lower volumes during the year due to market conditions and the effect of our selective sales policy focused on profitable orders. For Nexans, strengthening our market leadership means reinforcing our positions by providing best-in-class services, making innovation a watch word and enriching our offerings. In 2015 the profitable growth we achieved in the submarine high-voltage business, combined with our selective sales policy, particularly contributed to meeting this objective.

We are also applying a selective approach in terms of capital expenditure and our business portfolio. As previously announced, we carried out a review of our portfolio during the year to identify businesses that we intend to restructure or sell because their prospects for improvement as part of the Group are not sufficiently high. The businesses identified represent approximately 350 million euros worth of capital employed out of a total of 2.1 billion euros at end-2015 and the decision whether to restructure or sell will be based on the best solution for each business's future.

HOW DO YOU EXPLAIN THE GROUP'S NET LOSS FOR THE YEAR?

We recognized 142 million euros in impairment losses in 2015, including 129 million euros to write down assets in the United States, Brazil and Australia due to the downturn in the oil & gas and mining markets.

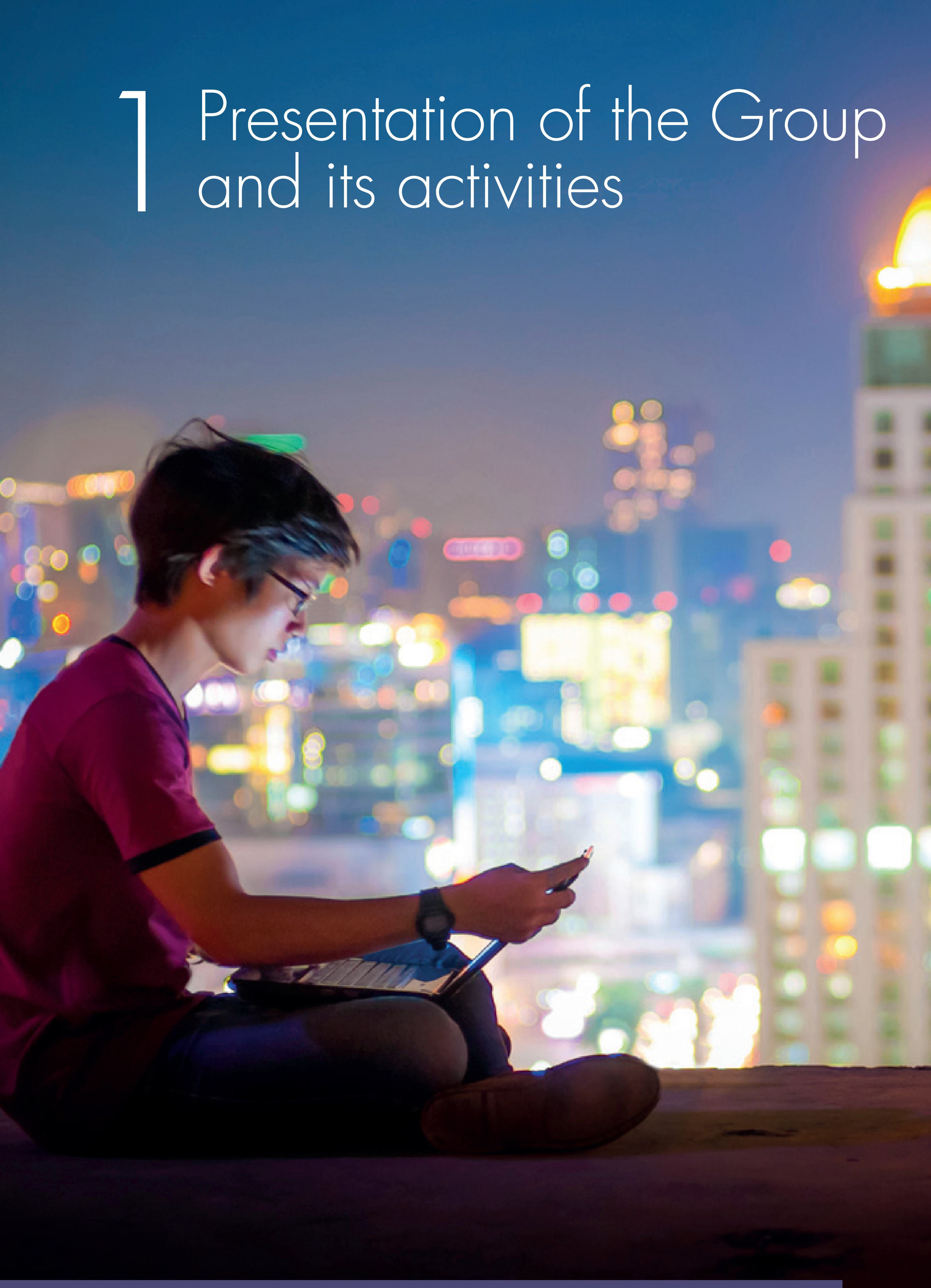
We also recorded 100 million euros in restructuring costs related to the plans carried out in Europe, the Asia-Pacific region and North America.
Both of these factors explain why the Group ended the year with a 194 million euro net loss. As a result, the Board of Directors will not be recommending a dividend payment for 2015. However, this bottom line figure must not detract from the fact that the Group is successfully turning itself around, as is clearly illustrated by its better operating results.

WHAT IS YOUR OUTLOOK FOR 2016 AND BEYOND?

We intend to pursue and step up our transformation program, with the same priorities of improving operating margin and return on capital employed. We will continue to reduce working capital and we need to enhance the flexibility of our plants in order to better adapt to market changes and contain costs.
Our objectives for 2017 remain unchanged. Our strategic initiatives represent potential annual savings of 125 million euros on average for 2015 to 2017, excluding the impact of asset sales, and I am confident that we will be able to achieve this target.

The medium- and long-term outlook for our industry is encouraging and we intend to put ourselves in a position to fully capitalize on that. Thanks to our technological prowess and innovation capacity, we are playing a key role in providing safe and sustainable solutions for the transition to cleaner energy, combating climate change, facilitating access to energy, creating the communities of tomorrow, promoting mobility, and enabling the current massive increase in data transmission. While all of these factors are challenges for our shared future, they also represent enormous potential to be tapped.

1 Presentation of the Group and its activities



1.1. Businesses and markets

Population growth, urbanization, industrialization in emerging markets, mobility of people and goods, the transition to cleaner energy, digital transformation and massively increasing volumes of data transmission are all generating considerable needs for energy, infrastructure, transport and buildings. These factors are driving long-term demand for energy and data cables.

As a global player in the cable market, Nexans' operations are focused on four main end-markets.

Four growth markets essential for development

ENERGY AND DATA INFRASTRUCTURE

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

ENERGY RESOURCES

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

TRANSPORT

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

BUILDING

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

Energy and data infrastructure

Electricity transmission and distribution

Electricity is essential for modern life, and its availability is vital for many sectors. The Group's offerings help drive the creation of new submarine, underground and overhead power transmission lines while contributing to ensuring the availability and security of networks and enhancing their energy efficiency and transmission capacity, as well as controlling capital spending and maintenance costs.

Nexans is a world leader in high-voltage submarine applications, which has a strong outlook due to the transition to cleaner energy and the resulting demand for network interconnections between countries as well as offshore wind farm connections and island-to-mainland links. In order to meet this global demand, the Group has production capacity in both Norway and Japan as well as one of the world's most «capable» cable-laying vessels. The Group offers turnkey solutions, covering the cables' design right through to services such as robotically burying them to protect them from damage.

In the land-based high- and medium-voltage networks market, Nexans offers advanced solutions for composite core cables for overhead lines, as well as superconducting cables for urban networks and superconducting fault current limiters that enhance network security. Its power line carrier (PLC) technologies form the basis of the move towards smart grids, which integrate communication and control functions in order to draw on decentralized, renewable energy sources – which, by definition, are intermittent – and to control peaks in energy consumption. The Group's offerings also include electrification solutions for urban and rural areas in emerging markets.

In addition, for all land-based and submarine networks, Nexans stands out from its competitors thanks to its comprehensive offering of connection accessories.

Telecommunications networks

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

Energy resources

In the energy resources sector – which encompasses the generation of wind, solar, thermal and nuclear power as well as oil and gas production and mining activities – Nexans proposes safe, robust and high-availability cabling systems, combined with maintenance and repair services.

The expected increase in global demand for energy and the current combat against climate change are prompting the development of new resources that are safer and more environmentally friendly.
We propose comprehensive cabling solutions for wind turbines and for on- and off-shore wind farms, as well as cables to transport electricity produced off-shore. We also provide similar types of offering for solar power installations.

As a leading global supplier of cables for submarine applications we design hybrid and umbilical cables to power and control installations, as well as direct electrical heating (DEH) systems used to maintain flow in submarine pipelines. These solutions can be used in deep water oil and gas fields, including in the Arctic.

Transport

Rapid growth in mobility requires new solutions to limit emissions and ensure the safety of heavily used infrastructure. We work in close cooperation with our manufacturing and OEM customers in the automotive, aeronautical, shipbuilding and railway sectors, with a view to meeting their demand for safe, lightweight, compact, easy-to-install and recyclable products and in-vehicle equipment.

In particular, we partner a number of leading German automotive manufacturers on several continents.
The Group is a world leader in cables for the shipbuilding segment – with a specialized subsidiary in South Korea – as well as for the aeronautics manufacturing industry.

Building

By 2050, two thirds of the world's population will live and work in cities, in increasingly large, sophisticated and connected buildings. In the building market, Nexans pursues a strategy of differentiation through technical performance, particularly in terms of fire resistance, energy efficiency and ease of installation. We also propose a wide range of services in this market, including professional training, paced deliveries for major projects, shared inventory management at distributors' premises, and e-services for both buyers and installers.

New standards, and in Europe a new Directive, have recently been introduced to encourage sustainable construction and renovation methods, focused on energy efficiency, long-lasting and recyclable materials, interior air quality and environmental protection. These include, *inter alia*, HQE in France, BREAAM in the United Kingdom, LEED in North America, Green Mark in Singapore and Green-star in Australia. Nexans was the first cable manufacturer to be awarded certification by the Singapore Green Building Council (SGBC), which is South-East Asia's benchmark for sustainable construction.

The Group's offer also covers LANs used for communication, surveillance and security purposes. We propose high added-value systems for major tertiary, residential and commercial complexes, as well as for hospitals, research centers, universities and museums, trading rooms, logistics platforms, ports and airports. Our LAN offerings encompass not only the cables and cable connections themselves but also solutions for the management, surveillance, control and security of the networks concerned.

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

1.2. Corporate mission and Strategy

Nexans is pursuing its transformation measures as part of the Nexans in motion program, which aims to build a stronger group and take fuller advantage of opportunities to serve customers in all four segments. The program has three main strategic focuses:

- **Regaining competitiveness** by optimizing fixed and variable costs and working capital, and improving productivity and operating efficiency.
- **Strengthening our market leadership** by becoming the cable industry's benchmark in the four end markets in which we are currently nurturing our competitive strengths, by expanding our product and service offerings so that we can go beyond cable supply, notably through our innovation and R&D capabilities.
- **Pro-actively managing our portfolio** by favoring targeted investments to accelerate growth in businesses offering the most promise due to their high profitability or growth potential, and implementing a strategy of transforming or selling lower-performing businesses with limited potential.

REGAINING OUR COMPETIVENESS

Operating efficiency

Nexans' manufacturing performance program, dubbed Nexans Excellence Way, aims for continuous, long-term improvements to all Nexans' end-to-end processes, from product development and production to administrative and sales activities. Nexans Excellence Way works on a human scale by involving all Group teams in the process of continuous improvement. Its key components include standardizing current best practices, inventing innovative and efficient ways of working, and systematically removing redundant steps. Combined with lean management, it places strong emphasis on visual management, transparency, responsiveness and structured problem solving to eliminate root causes. The program's objective is to achieve excellence in terms of safety, quality, delivery lead times and costs, while creating a pleasant working environment. Following successful implementation in Nexans' plants, it is now being extended Group-wide.

Competitiveness plan

In 2015, Nexans pursued its competitiveness plan focused on eight areas covering the whole value chain: redesign to cost, streamlined references, make-or-buy decisions, optimized purchasing, better payment terms, lower working capital requirement, improved supply chain flows and reduced investment costs. Each of the Group's manufacturing sites draws up a specific competitiveness plan every year based on the main areas defined at Group level and aimed at achieving efficiency gains specific to the site concerned.

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

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

An effective purchasing policy is key to the Group's technical and financial performance. Supplier deliveries of copper and aluminum and physical flows between plants are calibrated and paced in order to lighten working capital requirement. Purchasers identify the most competitive countries by product family and approve new suppliers in these countries. At the same time, further to production cost analyses that have been carried out, the manufacturing of certain insulating compounds has been brought back into plants.

The new plan announced in June 2015 to streamline the Group's support functions and reduce capacity for medium-voltage cables in Europe has now been signed with the employee representative bodies in all the countries concerned and the related measures will begin to be implemented as from the beginning of 2016.

STRENGTHENING OUR MARKET LEADERSHIP

Technologies

At Nexans we pursue a pro-active innovation policy aimed at creating more value for customers, anticipating changes in industry standards, and proposing long-lasting solutions to safety, energy efficiency and environmental imperatives. We also continually work to strengthen our leadership in the technologies of the future such as superconducting cables, composite core cables, power line carrier (PLC) technology, smart grids, solutions for ultra-fast data transmission technologies, and submarine high-voltage cables.

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

Sales excellence and customer satisfaction

Nexans serves very different customers – network operators, energy producers, mining companies, equipment manufacturers, infrastructure builders, construction companies, installers, distributors and engineering firms – which have diverse needs in a range of different countries. We constantly aim to meet all of our customers' requirements, at all levels and in all areas, and strive to embed customer satisfaction into our underlying corporate culture.

To achieve these objectives we use a Group-wide customer relationship management system, as well as shared standards and performance indicators. Standardized satisfaction surveys are used as the basis for improvement plans and we continuously adapt our resources and organizational structures to strengthen our customer relationships and increase responsiveness. Two other customer-centric measures we have taken are decentralizing our marketing actions and aligning our supply chains with customer requirements.

Working closely with major customers, Nexans' managers who handle international and regional key accounts seek to understand the challenges our customers face to meet their needs today and anticipate the needs they will have tomorrow. All of Nexans' functions play a role in the overall customer-oriented approach, which is aimed at building up long-lasting and mutually beneficial relations.

For example, handling tenders and managing major projects for customers in the energy, mining, railway, port and airport sectors requires coordinated multi-product, multi-site offerings. They are overseen by specialized teams that can mobilize all the Group's resources to provide the most suitable industrial and logistics solutions.

From products to solutions

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

PRO-ACTIVELY MANAGING OUR PORTFOLIO

Attractive markets

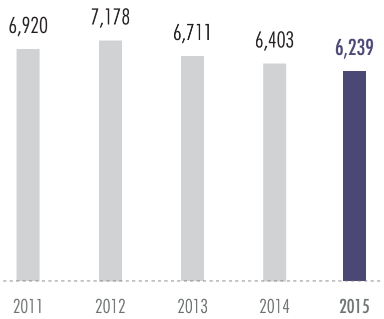
The Group targets markets with a strong growth outlook and in which it can leverage its technological know-how and service offerings, namely submarine applications, energy infrastructure (land medium and high-voltage cables) in growth countries and countries making the transition to cleaner energy, energy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

As part of our drive to enhance our ability to serve countries and regions with growth markets we have developed local production capacity in those areas, including new capacity in China for (i) very high-voltage submarine cables, (ii) cables for industrial applications in the resources and transport markets in China, and (iii) automotive harnesses in China.

1.3. Key figures

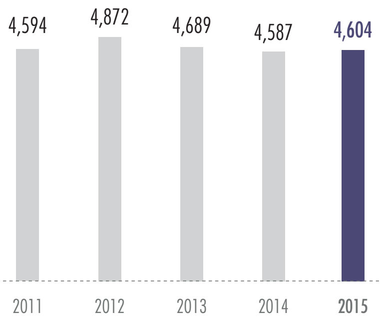
SALES AT CURRENT METAL PRICES

(in millions of euros)



SALES AT CONSTANT METAL PRICES(1)

(in millions of euros)



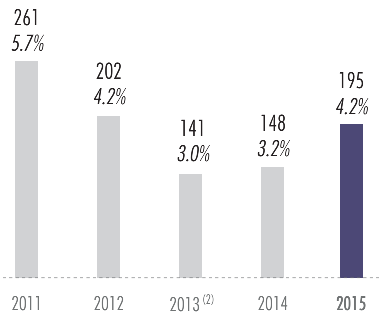
SALES BY BUSINESS AT CONSTANT METAL PRICES

(in millions of euros)

	2014	2015
Transmission, Distribution & Operators	1,978	1,935
Industry	1,213	1,250
Distributors & Installers	1,120	1,136
Other Activities	276	283
TOTAL	**4,587**	**4,604**

OPERATING MARGIN

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



OPERATING MARGIN BY BUSINESS

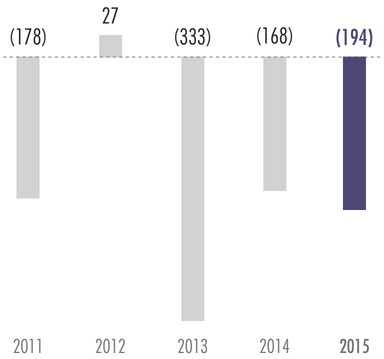
(in millions of euros and as a % of sales at constant metal prices)

	2014		2015	
Transmission, Distribution & Operators	98	*5.0%*	108	*5.6%*
Industry	50	*4.1%*	57	*4.6%*
Distributors & Installers	26	*2.3%*	63	*5.5%*
Other Activities	(26)	*N/A*	(33)	*N/A*
TOTAL	**148**	**3.2%**	**195**	**4.2%**

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

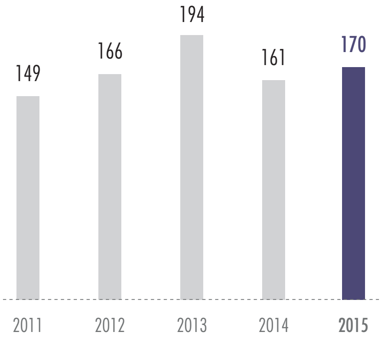
NET INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

(in millions of euros)



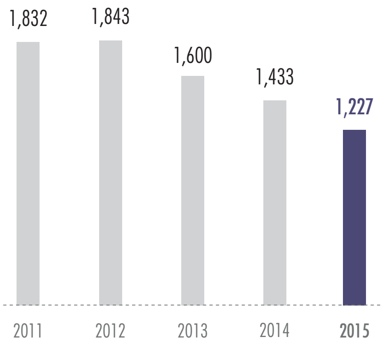
CAPITAL EXPENDITURE

(in millions of euros)



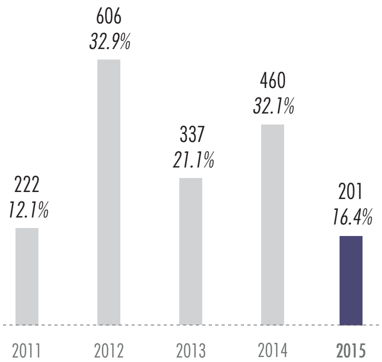
EQUITY

(in millions of euros)



NET DEBT

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



1.4. Operations during 2015

1.4.1. Consolidated results of the Nexans Group

1.4.1.1. OVERVIEW

In 2015, Nexans took further steps to put into practice its corporate vision embodied in the slogan "Nexans brings Energy to Life". All of the Group's teams are motivated and determined to achieve this objective, which for Nexans means providing the energy and data that is essential for development in today's society (in view of population growth, increasing urbanization, energy transition and climate change, the exponential increase in data transmission, mobility and transport).

In the energy infrastructure sector this resulted in the Group winning contracts for major projects in the submarine high-voltage business in 2015, including projects to create power links between Norway and Germany (NordLink) and Norway and England (NSN Link), thereby promoting the exchange of green energy between these countries.

Nexans is playing a key role in the transition to clean energy, supplying specialized photovoltaic cables and power cables for the Cestas solar farm in France and Fonte Solar in Brazil, as well as cables and special accessories for Los Cóndores (a new hydropower plant in Chile). The Group also recently signed a contract with Statoil to supply cabling and accessories for the Hywind Scotland Pilot Park – the world's first floating wind farm, located off the Scottish coast.

Nexans is also making a significant contribution to modernizing networks across the globe. Having successfully carried out the AmpaCity project in Germany, which involved supplying the utility company RWE with a superconductor cable that was integrated into the electricity grid, the Group has now been chosen by AMSC (American Supraconductor) to design and produce a test superconductor system for the urban electricity grid in Chicago.

Nexans' corporate vision also encompasses the transport sector. The Group has signed contracts with Airbus to supply in-cabin cables for aircraft and with the shipbuilders Fincantieri and Meyer Werft to cable latest-generation cruise ships. It has also been entrusted with providing Nexans Alsecure® fire-resistant cables and specific solutions for the new underground railway line in Istanbul, Turkey.

In the natural resources sector, Samsung Heavy Industries selected Nexans as its unique supplier of power, instrumentation and control cables for the new FPSO (Floating Production Storage and Offloading) platform in Egina, Nigeria, which will be brought into service for Total in 2017. This project represents the largest contract won by Nexans in this sector to date.

These examples illustrate the initial results of the Group's transformation process and demonstrate the ongoing commitment of its worldwide teams to achieving excellence in all aspects of customer service.

Detailed business review for 2015

Sales for 2015 came to 6.239 billion euros at current metal prices and 4.604 billion euros at constant metal prices, representing a 1.7%[1] organic decrease compared with 2014. Following a flat six months, during which sales edged back 0.8% on an organic basis, the second half of the year was marked by the expected slower growth in submarine projects and contraction in business in the oil & gas and mining sectors, especially for AmerCable.

Operating margin totaled 195 million euros, up 32% on 2014 (148 million euros) representing 4.2% of sales at constant metal prices versus 3.2% in 2014.

The Group's sales performance for 2015 reflects mixed operating contexts across its different businesses:

- High value-added businesses, which reported steady growth and which correspond to the submarine high-voltage, automotive harnesses and LAN cables and systems segments.
- Businesses that retreated significantly, mainly due to particularly difficult operating conditions in Brazil and Australia and in the oil & gas sector, with market environments that have progressively worsened since 2014.
- Businesses that are recovering, corresponding to cables operations in Europe and the Middle East, Russia and Africa Area, for which the Group is applying a selective commercial approach in line with the objectives in its strategic plan (sometimes to the detriment of volumes).

(1) The 2014 sales figure used for like-for-like comparisons corresponds to sales at constant non-ferrous metal prices, adjusted for the effects of exchange rates and changes in the scope of consolidation.

Year on year changes in sales by geographic area were as follows:

- Sales generated in Europe contracted by 2.1%, due to the combined effects of a still sluggish market and the Group's strategy of focusing on higher value-added sales rather than on business volumes.
- Sales in North America were down 15.2%, mainly as a result of lower investment in the oil and mining sectors.
- South America also reported a year-on-year contraction (0.2%), primarily attributable to Brazil. Sales gradually picked up in Peru, however, and continued to grow in Colombia.
- With sales down 6.6%, performance in the Asia-Pacific Area reflects the persistent sales decline in Australia partially offset by a buoyant market for industrial cables in China, particularly LAN cables, railroad cables and automotive harnesses.
- The Middle East, Russia and Africa Area posted a 4.5% sales increase. Turkey reported a steep rise for the Distributors & Installers and Industry businesses, and in Lebanon sales swung upwards in the second half of the year.

The Group continued its **strategic initiatives** as planned and on schedule:

- **Fixed costs** were scaled back by 62 million euros on operating margin before the effects of inflation and 45 million euros after, representing a 4% decrease at constant exchange rates on 2014. This reduction reflects the combined impact of the restructuring plans implemented in Europe, other reorganization measures underway and the overheads cost-cutting program that has been put in place.
  The restructuring measures announced in late 2013 – which mainly concerned the Industry business in Europe – were completed in France and Italy during the first half of 2015 and in Switzerland in the second half.
- The new plan announced in June 2015 to streamline the Group's support functions and reduce capacity for medium-voltage cables in Europe has now been signed with the employee representative bodies in all the countries concerned, and the related measures will begin to be implemented as from the beginning of 2016.
- The net reduction in **variable costs** was limited to 10 million euros on operating margin as the positive impacts of the decrease on purchase costs and the efficiency programs in the Group's plants were mitigated by volume and inventory reduction effects.
- "**Market Leadership**" initiatives generated savings of 34 million euros in 2015. This was due to better operating results, particularly for submarine high-voltage cables and automotive harnesses, and also the selective commercial streamlining of customers and products adopted in the Distributors & Installers and Industry businesses and the Distribution sector.
- Having completed the announced review to **selectively streamline its operations portfolio**, the Group has identified a number of businesses and countries, representing some 350 million euros of capital employed, for which changes on scope or asset sells are possible, as was recently the case for Nexans Indelqui in Argentina or Confecta GmbH in Germany.

These strategic initiatives contributed 106 million euros to consolidated operating margin in 2015, which demonstrates the key role they played in view of the organic decrease in sales reported for the year.

1.4.1.2. ANALYSIS BY BUSINESS

Transmission, Distribution & Operators

Sales generated by the Transmission, Distribution & Operators business amounted to 2,262 million euros at current metal prices and 1,935 million euros at constant metal prices. Sales were down 1.2% on 2014 on an organic basis for the year as a whole despite a 1.0% increase in the first half.

The downward turn was due to the expected weaker performance in the second six months of the year from high-voltage cables as projects proceeded on schedule.

Distribution

Sales of distribution cables decreased by 3.8% on an organic basis in 2015, although they picked up gradually in the second half. In tandem, an upswing in demand in South America combined with measures to adjust offerings (based on the Group's selective streamlining approach) and reduce costs led to an improvement in operating margin during the second half of the year.

In Europe, sales were down 2.5% on an organic basis. The year was characterized by low business volumes, particularly in the first half of 2015 in many countries, as well as by price pressure that made it difficult to pass on raw materials costs. In view of this market situation the Group continued to apply a selective commercial approach, which paved the way for an improvement in operating margin in the second half of the year.

The plan to reduce and streamline this business's capacity in Europe will be implemented in 2016.

In the Middle East, Russia and Africa Area the growth in business that began at the start of the year continued, with operators in Lebanon relaunching capital expenditure projects. There was also an upswing in South America in 2015, particularly in the second half, due to the completion of overhead power line projects in Brazil, where the Group nevertheless continues to apply a prudent strategy in view of the difficult context.

The situation remained depressed in Canada and Australia.

Operators

Sales to telecommunications operators in Europe – which make up the bulk of the Group's Operators business – decreased by 1.7% on an organic basis during 2015. In France, Belgium and Sweden, this business fared well mainly thanks to sales of connection accessories.

Land high-voltage cables

Billings for the land high-voltage business were down 12.5% in 2015. However, orders picked up during the year, with the order book representing 200 million euros at December 31, 2015 versus 100 million euros at the end of 2014. These orders include a contract to supply 140 km of high-temperature conductor cables to carry renewable energy from EnergoBit's new Babadag III Wind Farm in Romania.
The Group continued to implement redeployment and cost-reduction measures in this business during the course of 2015.

Meanwhile, in China and the United States, the ramp-up of the new Charleston and Yanggu production plants proved slower than expected, despite progress in their product approval processes.

Submarine high-voltage cables

The submarine high-voltage business reported second-half organic growth of 2.2%, reflecting project delivery schedules, and full-year growth of 9.0%. This increase was achieved under optimal conditions, both from a manufacturing perspective and in terms of how major projects were managed.

2015 saw the production and installation of cables for key contracts, such as for the Monita cable project linking Montenegro and Italy, the Strait of Belle Isle project in Canada, the Kintyre project in the United Kingdom, and the Mallorca-Ibiza project in Spain.

This business submitted numerous bids for contracts in 2015, winning two of its largest contracts ever (the NordLink and NSN projects to link Norway to Germany and England, respectively), along with many other contracts. Consequently, at December 31, 2015 its order book stood at a record high.

Sales of umbilical cables were strong in the first six months of 2015 for projects begun in 2014, but slowed significantly in the second half of the year as a result of the slowdown of capital expenditure projects in the oil & gas sector. Sales of cables for submarine Telecom applications advanced.

Operating margin for the Transmission, Distribution & Operators division as a whole came to 108 million euros, or 5.6% of sales at constant metal prices, up by 10 million euros on 2014. This increase was achieved due to the solid first-half performance from umbilical cables and the effects of the strategic initiatives undertaken in Europe which were felt in the second half of the year that more than offset the decline in operating margin reported in the Asia-Pacific Area.

Industry

Sales for the Industry business totaled 1,500 million euros at current metal prices and 1,250 million euros at constant metal prices, down by a slight 0.4% on an organic basis compared with 2014. This performance reflects two contrasting trends.

The transport sub-segment (which accounts for two-thirds of the Industry business' total sales) posted a 7.2% organic increase. The automotive harnesses segment continued to perform well, delivering double-digit year-on-year growth and a higher operating margin as a percentage of sales.

Sales of railway cables also increased, particularly in China. On the other hand, cable sales for the shipbuilding industry contracted in 2015, due to a slowdown in shipbuilding projects in South Korea and China, despite higher sales in Europe for cruise ships. Sales of cables to the aeronautical sector edged down compared with 2014, as a result of the scheduling of the A350 program.

Sales for the resources sub-segment (which account for approximately one-fifth of the division's total), declined by -16.7% year on year as they were weighed down by the ongoing decrease in cable sales for the oil & gas and mining sectors, which were both adversely affected by falling commodities prices. Measures to reduce fixed costs were launched in the second half of the year at AmerCable in order to adapt the level of its structural costs to market conditions.

Operating margin for the Industry business overall came to 57 million euros (4.6% of sales), up 7.3% on 2014.

Distributors & Installers

The Distributors & Installers business posted sales of 1,749 million euros at current metal prices and 1,136 million euros at constant metal prices, representing a 2.7% organic decrease compared with 2014.

Following a 4.8% organic decline in the first six months of the year, sales in the second half were more or less stable compared with 2014, coming in just 0.5% lower. As in the first six months of the year, a decrease in sales of energy cables in the second half (albeit less marked than in the first half) offset the increase reported for sales of LAN cables and systems.

Despite this unfavorable context, the operating margin more than doubled, rising from 26 million euros, or 2.3% of sales in 2014 to 63 million euros (5.5% of sales) in 2015.

Organic growth in sales of LAN cables and systems (which contributes around one-quarter of the division's total) topped 10% in the second half in all geographic areas apart from South America. This showing was due to a steep increase in data center projects in the United States, Europe and China.

Sales of low-voltage power cables were down year on year, although the decline was less marked in the second half than in the first (-3.6% *versus* -7.3%). Markets remained weak in all geographic areas except for the Middle East, Russia and Africa Area which saw market growth.

In Europe, the combination of sales optimization measures and cost-reduction programs helped restore profit margins. This was achieved notably thanks to the selective streamlining of the customer and product portfolio, the positive impact of restructuring the manufacturing base, and the logistics optimization measures put in place in order to access new markets.

Sales in South America advanced by an overall 7.3% on an organic basis, especially in Colombia thanks to market share gains.

In Asia, sales in Australia stabilized in 2015 following sharp declines in recent years.

Other Activities

The "Other Activities" segment – which essentially corresponds to external sales of copper wires – reported sales of 728 million euros at current metal prices and 283 million euros at constant metal prices, compared with 276 million euros in 2014.

Operating margin for this segment came in at a negative 33 million euros, reflecting the combined impact of profit generated from sales of copper wires and certain centralized Group costs that are not allocated between the segments (such as holding company expenses).

1.4.2. Other items of the 2015 consolidated results

1.4.2.1. CORE EXPOSURE EFFECT

The core exposure effect represented an expense of 52 million euros in 2015 compared with an expense of 4 million euros in 2014. This year-on-year variation was mainly due to a sharp decrease in copper prices during the second half of 2015. In 2014, the decrease in copper prices was offset by the depreciation of the euro against the dollar which limited the negative effect of core exposure in the consolidated income statement.

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

1.4.2.2. RESTRUCTURING COSTS

Restructuring costs came to 100 million euros in 2015 (see breakdown in Note 21 to the consolidated financial statements), versus 51 million euros in 2014:

- The 2015 figure primarily relates to the downsizing plans in Europe that were announced on June 12, 2015, as well as plans in the Asia-Pacific region, Norway and the United States.
- In 2014, restructuring costs corresponded primarily to downsizing plans in Belgium, France, Germany and the Asia-Pacific region, with a number of plans also implemented in South America (Brazil, Chile and Peru).

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

1.4.2.3. OTHER OPERATING INCOME AND EXPENSES

At December 31, 2015, other operating income and expenses represented a net expense of 110 million euros versus a net 129 million euro expense in 2014, chiefly comprising:

- **Net asset impairment:** A net asset impairment loss of 129 million euros in 2015 and 197 million euros in 2014. The Group assesses its goodwills at least annually and its intangible and tangible assets whenever there is an indication of impairment. The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized are set out in **Note 6** to the consolidated financial statements.

  The 129 million euro net impairment loss resulting from the tests conducted in 2015 mainly breaks down as follows:
  - 46 million euros in impairment of assets held by the "AmerCable" cash-generating unit (CGU).
  - 38 million euros in impairment of assets held by the "Brazil" CGU.
  - 27 million in impairment of Australian individual intangible assets (trademark and customer relationship) within the "Asia-Pacific" CGU.

  The 197 million euro net impairment loss recorded in 2014 primarily broke down as follows:
  - 80 million euros in impairment of assets held by the "AmerCable" 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.

- **Expenses and provisions for antitrust investigations:** this item represented a net income of 36 million euros in 2015, and primarily corresponded to provision reversals recorded following (i) the close – without prosecution or sanction against any Nexans Group company – of the antitrust investigation launched by the United States Department of Justice Antitrust Division into the submarine and underground power cable industry, and (ii) a revaluation of the Group's risks related to antitrust investigations.

- **Gains and losses on asset disposals:** the Group recorded a 13 million euro net disposal loss in 2015 following its fourth-quarter sale of Indelqui – an Argentina-based entity that was wholly owned by Nexans. In 2014, the 23 million net disposal gain chiefly related to sales of non-current assets in France and Canada.

1.4.2.4. NET FINANCIAL EXPENSE

Net financial expense amounted to 105 million euros in 2015, compared with 103 million euros the previous year.

Cost of debt (net) totaled 79 million euros versus 77 million euros in 2014. This year-on-year increase reflects the combined impact of (i) an unfavorable basis of comparison with 2014 when 9 million euros in non-recurring financial income was recorded because the investor put option related to the 4% 2016 OCEANE bonds was not exercised, (ii) a 4 million euro favorable currency effect in 2015, and (iii) a 4 million euro reduction in borrowing costs on non-bond debt.

Other financial income and expenses were unchanged year on year, representing a net expense of 26 million euros.

1.4.2.5. INCOME TAXES

Although the Group reported a loss of 171 million euros before tax it recorded an income tax expense of 25 million euros in 2015 (versus 32 million euros in 2014).

1.4.2.6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's total consolidated assets decreased to 5,029 million euros at December 31, 2015 from 5,228 million euros at December 31, 2014. Changes in the structure of the Group's statement of financial position between those two reporting dates were as follows:

- Non-current assets totaled 1,835 million euros at December 31, 2015, versus 1,890 million euros one year earlier.
- Operating working capital (trade receivables plus inventories less trade payables and accounts related to long-term contracts excluding the impact of foreign currency translation and reclassifications to assets and related liabilities held for sale) decreased by 345 million euros in 2015.
- Consolidated net debt was reduced by 259 million euros, to 201 million euros from 460 million euros, thanks to lower working capital.
- Provisions for contingencies and charges – including for pension and other long-term employee benefit obligations – decreased by 19 million euros to 690 million euros in 2015.
- Total equity stood at 1,227 million euros at December 31, 2015 compared with 1,433 million euros at December 31, 2014.

1.4.2.7. PRINCIPAL CASH FLOWS FOR THE PERIOD

Cash flows from operations before gross cost of debt and tax totaled 220 million euros in 2015, reflecting the Group's positive net income figure after stripping out expenses that had no cash impact during the year (notably the 52 million euros core exposure effect and 280 million euros worth of depreciation, amortization and net asset impairment).

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

Net cash used in investing activities came to 173 million euros in 2015, mainly breaking down as a 176 million euro cash outflow for purchases of property, plant and equipment and intangible assets and a 6 million euro cash inflow from disposals of non-current assets.

Net cash used in financing activities totaled 133 million euros, chiefly comprising 72 million euros in repayments of borrowings and 69 million euros in interest paid.

Overall, taking into account the effect of currency translation differences, net cash and cash equivalents increased by 211 million euros during the year and stood at 998 million euros at December 31, 2015 (including 1,012 million euros in cash and cash equivalents recorded under assets and 14 million euros corresponding to short-term bank loans and overdrafts recorded under liabilities).

1.4.2.8. OTHER SIGNIFICANT EVENTS OF THE YEAR

a) Reorganization of Nexans Group operations in Europe

The initial results of the industrial and functional reorganization measures put in place in 2014 demonstrate that the Group has adopted the right transformation strategy. However, the efforts already made have proved insufficient to put Nexans on a more competitive footing for the long term. Consequently, a new cost-savings plan was launched in Europe in 2015.

This plan – which is aimed at responding to market challenges and protecting Nexans' competitiveness – is focused on four main objectives:

- Optimize the structure of the Group's support functions.
- Adapt regional structures.
- Reduce the fixed costs of Market Lines in Europe;
- Reduce production capacity for the Utilities Market Line in Europe.

This plan covers all European countries, and in particular France, Norway and Germany. The plan was approved in December 2015 and will be implemented in 2016.

The restructuring costs recognized in 2015 in respect of this plan amounted to 53 million euros.

b) HVDC (high-voltage direct current) links between Norway and Germany and Norway and the United Kingdom

The Norwegian and German power grids will be able to share green energy directly for the first time thanks to Nexans' submarine HVDC cables that will be installed as part of the NordLink project. Nexans will design, manufacture and install two 525 kV cable subsystems, with a total length of more than 700 km, off the coasts of Norway and Denmark. Completion of the project – which is Nexans' largest of this type to date – is scheduled for 2019.

The Group is also involved in the NSN Link project that will interconnect the Nordic and UK energy markets using the world's longest subsea power link incorporating Nexans' HVDC cable technology. This power interconnection beneath the North Sea will enable Norway and the UK to share up to 1,400 MW of green energy. Nexans will design, manufacture and install the main section of the 730 km HVDC submarine cable on the Norwegian side. The 1,400 MW link, comprising two 525 kV cable systems, is due for completion in 2021.

The value of these contracts is approximately 0.8 billion euros.

1.4.3. The Company

1.4.3.1. ACTIVITIES AND RESULTS

The Company is an ultimate holding company.

For the year ended December 31, 2015, the Company reported sales of 23 million euros, derived primarily from services billed to Group subsidiaries (18 million euros in 2014).

After taking into account other income and expenses for the year, primarily 47 million euros in operating costs, 62 million euros in net financial income, and a net non-recurring expense of 38 million euros, the Company ended 2015 with net income of 2 million euros (versus a 67 million euro net loss in 2014).

The Company's equity amounted to 1,814 million euros at December 31, 2015, 10 million euros higher than the prior-year figure.

In accordance with the requirements of Articles L.441-6-1 and D.441-4 of the French Commercial Code (Code de commerce), it is hereby disclosed that the Company had outstanding trade payables of 111,109 euros at December 31, 2015 and 204,001 euros at December 31, 2014 (invoices not past due at December 31, 2015 and payable in full in the first quarter of 2016).

1.4.3.2. PROPOSED APPROPRIATION OF 2015 RESULTS AND DIVIDEND PAYMENT

The Annual Shareholders' Meeting to be held in the first half of 2016 will be asked to appropriate the Company's results for 2015 - corresponding to net income of 1,884,824 euros - as follows:

■ Retained earnings brought forward from prior years	106,091,226 euros
■ 2015 net income	1,884,824 euros
■ Transfer to legal reserve	94,241 euros
■ **Total distributable income**	**107,881,809 euros**

In view of the difficult economic context, the Board of Directors has decided that it would be prudent not to recommend a dividend payment for 2015. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place on May 12, 2016.

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

	2014 (paid in 2015)	2013 (paid in 2014)	2012 (paid in 2013)
Dividend per share	-	-	€ 0.50
Number of shares qualifying	-	-	29,394,042
Total payout	-	-	€14,697,021

1.5. Progress made and difficulties encountered in 2015

In addition to the progress made and difficulties encountered described in this report and particularly in section 1 above *"Operations during 2015"*, during the year the Group pursued its measures to transform its business, which are focused on three strategic areas: competitiveness, market leadership and selective portfolio streamlining.

In 2015 the positive impacts of the strategic initiatives already launched were:

- Improved performance in Europe, driven by a change in commercial strategy (including a review of product and customer portfolios) and the favorable effect of the capacity reduction plan.
- Improved operating conditions in the submarine business (high-voltage and umbilical cables).
- Continued growth for automotive harnesses.
- However, the overall unfavorable market context hampered certain growth initiatives and prevented the Group from meeting all of its manufacturing cost-reduction objectives.

During the year the Group was confronted with particularly difficult market environments in Brazil, Russia and Australia, as well as in the oil & gas and mining sectors which were negatively impacted by an ongoing fall in the prices of oil and other commodities.

1.6. Research and Development

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

Total research and development expenses amount to 82 million euros. More than 600 researchers, engineers and technicians work in the Group's technical centers which form part of the Research Centers. The Group currently has a portfolio of approximately 670 patent families, and 53 new patents were filed in 2015. This high number demonstrates the creative abilities of our technical teams and strengthens the Group's market positioning by protecting its intellectual property.

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

The Research Centers are tasked with carrying out upstream research activities in their specific areas of expertise, in conjunction with external partners such as universities and external research centers and organizations. They help design state-of-the-art materials, fine-tune new technologies and develop new products while at the same time providing technical support to the manufacturing facilities, either for specific projects or as part of the Group's continuous improvement program for production operations. They work for all of the business units and are therefore fully financed by the Group.

Priority action areas have been defined at Group level and key projects launched with a view to speeding up the rollout of new solutions in these areas. These projects – which are of strategic importance for the Group – are overseen by the Technical Department. Technical Directors allocated to each main market coordinate technical developments on a worldwide scale and manage the strategic project portfolios. In order to facilitate this coordination task and accelerate the development of new products, the Group has rolled out a new version of its technical project management system which can be used by all business units.

In 2015 the Group's R&D efforts were focused on energy transition, smart grids (including smart connections) and security and safety.

Major advances were achieved in the area of high-voltage direct current (HVDC) systems, which notably enable offshore wind farms to be linked up with onshore grids, including official approvals obtained for 320 kV DC cables during the year. In addition, new higher-capacity submarine cables were developed to connect wind turbines with one another within wind farms. These technological advances will enable Nexans to make an even more significant contribution to the rollout of renewable energy in Europe.

The Group also took part in a number of pilot projects in 2015, installing smart cable accessories in medium-voltage urban and rural electricity grids, with built-in current and voltage sensors.

Concerning security and safety, a new generation of fire-resistant cables was launched on the market in order to improve the competitiveness of Nexans' offering for the industrial and building markets.

In the building market, cable sheath designs were optimized and tested with a view to preparing for compliance with the CPR (Construction Product Regulation) which will come into effect in mid-2016.

Also during 2015 the Group developed a material designed for the external sheaths of industrial cables used in severe environments. This material has the unique feature of self-repairing after it has been damaged, therefore enabling the connection to be rapidly restored.

The Group has also developed a material aimed at improving the low-temperature (-65°C) performance of cables used for Arctic oil-drilling platforms.

1.7. Significant events after the reporting period

On January 4, 2016, all of the 4% 2016 OCEANE bonds were redeemed in an aggregate amount of over 212 million euros (see section 6.2 below, "*Share capital*")

During the Board of Directors meeting on February 17, 2016, Frédéric Vincent announced his decision to end his term as Chairman of the company and as director effective March 31, 2016 and to retire.

The Board of Directors appointed Georges Chodron de Courcel as non-Executive Chairman of the Board of Directors, effective upon Frédéric Vincent's departure.

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

1.8. 2016-2018 trends and outlook

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

All of our measures aimed at transforming the Group will continue to be rolled out and implemented in 2016, with the key priority of improving operating performance. This will enable the Group to deal with the short-term situation and create value over the long term. The strategic goals for all of the Group's divisions comprise the following objectives:

- **Regaining our competitiveness** through three key actions:
  - turn around struggling businesses by making more use of regions where production costs are lower,
  - drastically reduce fixed and variable costs, including projects aimed at achieving 100 million euros in fixed-cost savings in the medium term,
  - continue to optimize working capital.

- **Strengthening the Group's leadership in the four key markets** in which we are currently nurturing our competitive strengths, by expanding and enhancing our product and service offerings so that we can go beyond just supplying cables, notably through our innovation and R&D capabilities:
  - energy transmission and distribution,
  - the development of fossil and renewable energies and mining,
  - transport,
  - building.

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

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

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

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

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

Nexans actively contributes to these deep-seated changes in both of the core areas that underpin its business: energy and urban construction.
The Group's cables and systems are used at all levels of energy networks, from extraction and management of resources right through to energy transportation and distribution. For cities

and communities, Nexans produces cables and solutions that enable the transport of people and goods, ensure the safety and security of infrastructure and buildings, and guarantee power supply for telecommunications.

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

The Group's outlook for 2016-2018 is, however, subject to several major uncertainties:

- The economic and political environment in certain emerging countries where Nexans generates – or plans to generate – significant sales volumes, notably Brazil, China, Lebanon, Libya, Nigeria, Russia and Turkey.
- The impact of falling prices of oil and numerous metals which is triggering a sharp decline in capital expenditure projects for oil exploration and drilling as well as in the gas and mining sectors, and is destabilizing the economies of countries and regions such as Australia and North America that are highly dependent on these commodities.
- Certain markets in which Nexans plans to develop sales might not grow as rapidly as expected, which could lead to critical under capacity in some of the Group's plants.
- Risks related to the costs and implementation timeframes of the reorganization plans, as well as a risk that these plans could give rise to temporary inefficiencies or even loss of market share.
- The risk that market conditions will prevent the projected restructuring of the Group's business portfolio from being carried out at the planned pace.
- Inherent risks related to carrying out major turnkey projects for submarine cables.
- The risk that certain R&D and innovation programs or programs designed to improve the Group's competitiveness experience delays or do not fully meet their objectives.

2 Corporate governance

The corporate governance Code applied by Nexans is the Code applicable to listed companies published by the Association Française des Entreprises Privées (AFEP) and Mouvement des Entreprises de France (MEDEF), as amended in November 2015, (the "AFEP-MEDEF Corporate Governance Code"). The AFEP-MEDEF Corporate Governance Code is available on the MEDEF's website (www.medef.fr). Nexans applies all of the recommendations of the Code except as explained in section 2.3.1.2. Independence regarding the application of one of the independence criteria.

2.1. Governance structure

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. This decision was made at the request of Frédéric Vincent and following the recommendation of the Appointments, Compensation and Corporate Governance Committee.

This organization allows the Company and Executive Management to concentrate on its strategic priorities and implement the strategic plan under the best possible conditions. It is carried out in conjunction with the Group's transformation. It also helps ensure that the Board of Directors operates better. The conclusions of the Board's annual performance appraisals reinforced this choice.

2.2. Management bodies

Management Board

The Management Board is headed by the Group's Chief Executive Officer, Arnaud Poupart-Lafarge. It is responsible for defining the Group's strategy, allocation of resources and organization. It is also tasked with ensuring that the Group is managed efficiently and effectively.

The Management Board's members are:

1 **Arnaud Poupart-Lafarge,** Chief Executive Officer

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

3 **Christopher Guérin,** Senior Executive Vice President, Europe

4 **Dirk Steinbrink,** Senior Executive Vice President of the High Voltage & Underwater Cable Business Group

5 **Nicolas Badré,** Chief Financial Officer

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

Management Council

The Management Council is chaired by Arnaud Poupart-Lafarge. Its role is to reflect on, debate and discuss the challenges facing the Group and is responsible for defining the Group's overall strategic vision, driving breakthrough projects, and monitoring and enhancing the Group's operating procedures. It brings together the members of the Management Board, the Group's main functional departments, as well as Executive Vice Presidents in charge of areas, business groups and market lines:

- Nicholas Ballas,
  Executive Vice President, Asia-Pacific Area
- Christof Barklage,
  Executive Vice President, Utilities
- Norbert Bluthé,
  Executive Vice President, South America Area
- Giuseppe Borrelli,
  Executive Vice President, Industry and Telecoms Market Line,
  and (acting) Executive Vice President,
  Land High Voltage Business
- Antoine Caillault,
  Executive Vice President, Industrial Operations
- Max-André Delannoy,
  Vice President, Strategy and TPO
- Vincent Dessale,
  Executive Vice President, Submarine High Voltage Cables
- Benjamin Fitoussi,
  Executive Vice President, MERA and EMEA/ID
- Krister Granlie,
  Executive Vice President, Hybrid Underwater Cables
- Pierre Kayoun,
  Corporate Vice President, Technology & Innovation
- François Lavernos,
  Chief Information Officer
- Marc Mertens,
  Executive Vice President, Power Accessories Business Group
- Jean-Claude Nicolas,
  Senior Corporate Vice President, Communications
- Patrick Noonan,
  Senior Corporate Vice President, General Secretary
- Jean-Marc Réty,
  Executive Vice President, Purchasing
- Steven Vermeulen,
  Executive Vice President, North America Area
- Andreas Wolf,
  Executive Vice President, Automotive
  and Industrial Harness Business Group

2.3. Administrative Body

2.3.1. Composition of the Board of Directors

In accordance with Article 11 of the Company's bylaws, the Board of Directors may have between 3 and 18 members at the most. In 2015, the size of the Board of Directors decreased from 14 to 12 members, all from diverse backgrounds. Members are selected for their expertise and experience in varied fields.

In accordance with Recommendation 6.3 of the AFEP-MEDEF Corporate Governance Code, the Board discussed its composition and that of its committees at its meeting on January 20, 2016:

- The directors considered that given the breakdown of its share capital and the fact that three representatives of the principal shareholder Invexans (Quiñenco group) sit on the Board, the size and independence rate of more than 54.54%(1) at the end of 2015 were satisfactory. The Board set itself the objective of maintaining an independence rate of at least 50% in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.
- With the proportion of women on the Board, currently 33.33%, the Company meets the 20% of women directors' requirement of French Law No. 2011-103 of January 27, 2011 on equal representation between men and women on Boards of Directors. The Board decided to increase the proportion of women members to reach the 40% requirement by 2016.
- With two foreign nationals on the Board at the end of 2015, i.e., more than 16.66%, the Board wishes to strengthen further internationalization.
- Lastly, the Board would like more seats to be held by people with experience in industry.

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

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

Pursuant to Article 12 of the bylaws, the term of office of directors is four years. The terms of office of directors in office at December 31, 2015 expire as follows:

2016 ANNUAL SHAREHOLDERS' MEETING	Frédéric Vincent, Colette Lewiner, Lena Wujek(2)
2017 ANNUAL SHAREHOLDERS' MEETING	Jérôme Gallot, Francisco Pérez Mackenna(3), Andrónico Luksic Craig(3)
2018 ANNUAL SHAREHOLDERS' MEETING	Véronique Guillot-Pelpel, Fanny Letier(4), Philippe Joubert
2019 ANNUAL SHAREHOLDERS' MEETING	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte(3)

(1) Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.
(2) Director representing employee shareholders.
(3) Directors proposed by the principal shareholder Invexans (Quiñenco group)
(4) Director proposed by the shareholder Bpifrance Participations.

2.3.1.1. MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2015, the members of the Board of Directors were as follows:

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

Frédéric Vincent, Chairman of the Board of Directors

- First elected as a director: April 10, 2008
- Appointed as Chairman of the Board of Directors: May 26, 2009
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 27,986 including shares held by his wife
- Number of corporate mutual fund units invested in Nexans shares: 4,410 (value of one unit = value of one share)
- 61 years old, French nationality
- Address: 8, rue du Général Foy, 75008 Paris, France

Expertise/Experience

In 1986, Frédéric Vincent joined Alcatel after working for a major auditing firm from 1978 to 1985. He moved to Alcatel's Cables and Components sector in 1989 and in 1994 was appointed Deputy Managing Director (Administration and Finance) for Alcatel's submarine telecommunications activities, and in 1997, for Saft, Alcatel's batteries activity. He became Nexans' Chief Financial Officer and a member of the Executive Committee in 2000, was appointed Chief Operating Officer in 2006 and was elected as a director on April 10, 2008. He was appointed as Chairman and Chief Executive Office on May 26, 2009 and became Chairman of the Board of Directors on October 1, 2014.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Chairman of the Board of Directors of **Nexans**

Directorships that have expired in the last five years

- Chief Executive Officer of Nexans
- Chairman of the Board of Directors of Nexans Morocco*
- Director of International Cable Company*
- President of Europacable* (professional association)

Georges Chodron de Courcel, independent director

- Chairman of GCC Associés (SAS)
- First elected as a director: June 15, 2001
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 500
- 65 years old, French nationality
- Address: 32 rue de Monceau, 75008 Paris, France

Expertise/Experience

Georges Chodron de Courcel joined BNP in 1972. After holding several management positions, he became Deputy CEO in 1993, then Managing Director in 1996. From 1999 to 2003 he was a member of the Executive Committee and Head of the Finance and Investment Bank of BNP Paribas and he served as Chief Operating Officer of the Group from June 2003 until June 2014. Since November 2014 he has held the position of Chairman of GCC Associés (SAS), a strategy and financial advisory firm.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Director of **F.F.P. (Société Foncière Financière et de Participations)**, Erbé SA*, Scor Holding (Switzerland) AG*, Scor Global Life Rückversichering Schweiz AG*, Scor Switzerland AG*, and Scor Global Life Reinsurance Ireland*
- Member of the Supervisory Board of **Lagardère SCA**
- Chairman of GCC Associés (SAS)
- President of the Ecole Centrale de Paris Foundation

Directorships that have expired in the last five years

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

Cyrille Duval, independent director

- General Secretary of the alloys division of the Eramet group
- First elected as a director: May 31, 2011
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 1,284 including shares held by his wife
- 67 years old, French nationality
- Address: Tour Maine-Montparnasse, 33 avenue du Maine, 75755 Paris Cedex 15, France

Expertise/Experience

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

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

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

Directorships that have expired in the last five years

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

Jérôme Gallot, independent director

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

Expertise/Experience

After serving as an Auditor at the Cour des Comptes for three years, Jérôme Gallot then worked for the General Secretariat of the French Inter-Ministerial Committee on European Economic Cooperation between 1989 and 1992, after which he joined the French Budget Directorate. He was successively Chief of Staff at the Ministries of Industry, Post and Telecommunications, International Trade, and Public Services, before becoming Chief of Staff for the Deputy Finance Minister (1993 to 1997). Between 1997 and 2003 he served as Director General of the Competition, Consumer Affairs and Anti-Fraud Division within the French Ministry of the Economy, Finance, and Industry and was subsequently named Senior Executive Vice President and member of the Executive Committee of Caisse des Dépôts and Consignations. He was Chairman of CDC Entreprises from 2006 to March 2011. Additionally, he was a member of the Executive Committee of Fonds Stratégique d'Investissement (FSI, which was renamed Bpifrance Participations). He was appointed Chief Executive Officer of Veolia Transdev in 2011, before serving as advisor to the Chairman until 2014. Jérôme Gallot has been a member of the Supervisory Board of Acerde (a manufacturer of light rotating anodes for X-ray tubes) since January 2014 and a director of the Truffle private equity firm's business incubator holding companies.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Legal Manager of JGC
- Member of the Supervisory Board of Idinvest Partners and Acerde SAS
- Director of Caixa Seguradora* (Brazilian subsidiary of CNP Assurances), **Plastic Omnium**, SP3H
- Non-voting director of **NRJ Group**

Directorships positions that have expired in the last five years

- Chief Executive Officer of Veolia Transdev
- Director of ICADE and Abivax
- Member of the Supervisory Board of Schneider Electric S.A.
- Chairman of CDC Entreprises and Avenir Entreprises S.A.

Véronique Guillot-Pelpel, independent director

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

Expertise/Experience

From 1971 to 1990, Véronique Guillot-Pelpel held various public relations positions and went on to become Head of Communications of the BASF group and La Compagnie Bancaire. In 1990, she joined Paribas as Head of Communications, and then in 1997 became Head of Human Resources and Communications and a member of the Paribas Group's Executive Committee. She joined the Nexans Group in 2000 as Head of Communications and held the position of Head of Human Resources and Communications from 2006 to 2008. She was a member of Nexans' Executive Committee from October 2001 until she left the Group in 2008. Véronique Guillot-Pelpel is a judge at the Paris Commercial Court.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Judge at the Paris Commercial Court

Directorships that have expired in the last five years

- None

Philippe Joubert, independent director

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

Expertise/Experience

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

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

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

Directorships that have expired in the last five years

- Deputy CEO of Alstom

Fanny Letier, director proposed by Bpifrance Participations

- Executive Director, Private Equity Funds at Bpifrance
- First elected as a director: May 15, 2014
- Expiration of current term: 2018 Annual Shareholders' Meeting
- Number of shares held: 110
- 36 years old, French nationality
- Address: 6-8 boulevard Haussmann, 75009 Paris, France

Expertise/Experience

Since March 2015, Fanny Letier has been Executive Director, Private Equity Funds at Bpifrance, with responsibility for a 1.3 billion-euro program comprising actively managed investments in 450 SMEs. She was previously Director of the France Investissements Régions fund at Bpifrance from September 2013. Prior to joining Bpifrance she served with the French civil service, holding various posts within the Ministry of Finance (notably head of the Corporate Financing and Development Office in the Treasury Department), as well as the position of Secretary General of the Interministerial Committee for Industrial Restructuring (2010-2012) and Deputy Chief of Staff at the Industrial Recovery Ministry (2012-2013). She was also a financial advisor for the Permanent Representation of France to the EU in Brussels from 2008 to 2010.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Executive Director, Private Equity Funds at Bpifrance

Directorships that have expired in the last five years

- None

Colette Lewiner, independent director

- Advisor to the Chairman of Cap Gemini
- First elected as a director: June 3, 2004
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 2,287
- 70 years old, French nationality
- Address: Tour Europlaza - La Défense 4, 20 avenue André Prothin, 92927 Paris La Défense Cedex, France

Expertise/Experience

Following several years of physics research and university lecturing (Maître de conférences at the University of Paris VII), Colette Lewiner joined Electricité de France in 1979 where she set up the Development and Commercial Strategy Department in 1989. She was appointed Chair and Chief Executive Officer of SGN-Réseau Eurysis in 1992, before joining Cap Gemini in 1998 to set up the International Utilities Department. After Cap Gemini's merger with Ernst & Young, she was made Head of the extended Energy, Utilities & Chemicals Department. In 2004, she also set up the Global Marketing Department of Cap Gemini which she managed until 2007. In September 2010, in addition to her role at Cap Gemini, Colette Lewiner became non-executive Chair of TDF, a position she held until March 2015. In 2012, she became Advisor to the Chairman of Cap Gemini on "Energy and Utilities" matters. She is a director of several major industrial groups, including EDF, Eurotunnel and Bouygues, as well as the Indian industrial group Crompton Greaves[1]. She has also been a director of Ingenico since October 22, 2015.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Advisor to the Chairman of **Cap Gemini**
- Director of **Ingenico, EDF, Eurotunnel, Bouygues, Colas (Bouygues subsidiary),** and **Crompton Greaves*** (until March 2016)
- Member of the Académie des Technologies
- Member of the Strategic Research Council chaired by the French Prime Minister

Directorships that have expired in the last five years

- Director of La Poste and Lafarge
- Director of TGS-NOPEC Geophysical Company ASA
- Non-executive Chairman of TDF

1. Her term as a director of Crompton Greaves expires at the end of March 2016.

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

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

Expertise/Experience

Andrónico Luksic Craig is currently Chairman of the Board of Directors of Quiñenco, one of the main conglomerates in Chile, and has been a member of the Board of Directors since 1978. He holds several offices within the companies of the Quiñenco group, including Banco de Chile, one of the main financial institutions in Chile, where he has served as Vice Chairman of the Board of Directors since 2002. Also, within the Quiñenco group, he is Chairman of the Board of Directors of LQ Inversiones Financieras, Chairman of the Management Board of Compañia Cervecerías Unidas (CCU), Vice Chairman of the Board of Directors of Compañia Sudamericana de Vapores (CSAV) and a member of the Board of Directors of Tech Pack and Antofagasta Minerals Plc. He is also advisor to the Board of Directors of Enex.

Outside the Quiñenco group, Andrónico Luksic Craig has non-executive duties within Barrick Gold as a member of the International Advisory Board. He is also an active member of several leading organizations and advisory boards, both in Chile and internationally, including the Federation of Chilean Industry (Sociedad de Fomento Fabril – SOFOFA), the Chile-Pacific Foundation, the International Business Leaders Advisory Council of the municipality of Shanghai, the International Advisory Council of the Brookings Institution and the APEC Business Advisory Council. Andrónico Luksic Craig is extremely committed to education. He helps manage the educational foundation that he created and takes part in advisory committees for Columbia and Harvard Universities, MIT, the University of Oxford, Tsinghua University, Fudan University and Babson College.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Chairman of the Board of Directors of **Quiñenco S.A.***
- Positions held within Quiñenco group companies:
  - Vice-Chairman of the Board of Directors of **Banco de Chile*** and **CSAV* (Compañia Sudamericana de Vapores S.A.)**
  - Chairman of the Board of Directors of LQ Inversiones Financieras* and **CCU* (Compañia Cervecerías Unidas S.A.)** (and its wholly-owned subsidiaries CCU Chile*, CCU Argentina* and ECUSA*)
  - Director of **Invexans*, Antofagasta Minerals Plc*, Tech Pack S.A.*** (formerly Madeco) and SM Chile*
  - Advisor to the Board of Directors of Enex
- Member of the Federation of Chilean Industry – SOFOFA* (Sociedad de Fomento Fabril), the Chile-Pacific Foundation* and the ABAC* (APEC Business Advisory Council)
- Member of the International Business Leaders Advisory Council of the municipality of Shanghai*
- Member of the International Advisory Board of **Barrick Gold***, the International Advisory Council of the Brookings Institution*, the Advisory Board of the Panama Canal Authority* and the Chairman's International Advisory Council in the Council of the Americas*
- Member of the Global Advisory Council of Harvard University*, the Global Advisory Board of Harvard Business School*, the Global Leadership Council of Columbia University*, the International Advisory Board of the Blavatnik School of Government* at the University of Oxford, and the Advisory Boards of the School of Economics and Management at Tsinghua University* in Beijing and the School of Management at Fudan University* in Shanghai.
- Member of the Latin American Executive Board at the MIT Sloan School of Management*
- Emeritus Trustee of Babson College*

Directorships that have expired in the last five years

- None

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

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

Expertise/Experience

Francisco Pérez Mackenna has served as Chief Executive Officer of the Chilean company Quiñenco S.A. since 1998. He is also a director of some Quiñenco group companies, including Banco de Chile, Tech Pack, CCU (Compañía Cervecerías Unidas S.A.), CSAV (Compañía Sud Americana de Vapores), SM SAAM (Sociedad Matriz SAAM S.A.) and Enex (Empresa Nacional de Energía Enex S.A.). Before joining Quiñenco, between 1991 and 1998 Francisco Pérez Mackenna was Chief Executive Officer of CCU. He is also on the advisory boards of the Booth School of Business at the University of Chicago (USA) and of the EGADE Business School of the Monterrey Institute of Technology (Mexico). Francisco Pérez Mackenna teaches at the Catholic University of Chile.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

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

Directorships that have expired in the last five years

- Director of Banchile Corredores de Bolsa*

Hubert Porte, director proposed by Invexans (Quiñenco group)

- Executive Chairman of Ecus Administradora General de Fondos S.A.
- First elected as a director: November 10, 2011
- Expiration of current term: 2019 Annual Shareholders' Meeting
- Number of shares held: 571
- 51 years old, French nationality
- Address: Magdalena 140, Oficina 501, Las Condes, Santiago - Chile

Expertise/Experience

Hubert Porte is Executive Chairman of the private equity firm Ecus Administradora General de Fondos S.A., which was founded in 2004 and invests in Chile through private equity funds Ecus Private Equity I and Ecus Agri-Food. He is Chairman of the Board of Directors of the Chilean company AMA Time, and is a director of Invexans S.A. (Quiñenco group), Plastic Omnium Chile S.A. and Loginsa. He is also managing partner of Latin American Asset Management Advisors Ltd (LAAMA), which he founded in 2004 and which is the exclusive distributor for the Chilean and Peruvian pension funds of AXA Investment Managers' mutual funds. LAAMA currently manages US$2 billion worth of investments for these funds.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Executive Chairman of Ecus Administradora General de Fondos S.A.* (private equity firm)

  The following positions in Chilean companies included in the portfolios of funds managed by Ecus Administradora General de Fondos S.A.:
  - Chairman of the Board of Directors of AMA Time* (agri-food company)
  - Director of Loginsa (logistics company)
  - Director of **Invexans*** (Quiñenco group) and Plastic Omnium S.A. Chile*
  - Managing Partner of Latin America Asset Management Advisors* (asset management firm)

Directorships that have expired in the last five years

- Chairman of the Board of Directors of Central Frenos S.A.
- Chairman of the Board of Directors of Albia S.A.
- Director of Vitamina S.A.
- Director of Tabali S.A.

Lena Wujek, director representing employee shareholders

- Senior Manager Strategy & Institutional Relations at Nexans
- First elected as a director: May 15, 2012
- Expiration of current term: 2016 Annual Shareholders' Meeting
- Number of shares held: 10
- Number of corporate mutual fund units invested in Nexans shares: 50 (value of one unit = value of one share)
- 40 years old, French nationality
- Address: 8, rue du Général Foy, 75008 Paris, France

Expertise/Experience

Lena Wujek has worked with the Nexans group since 2008. She holds degrees in business and law and served as Legal Counsel for the Nexans Group in the areas of company law and securities law before being appointed to her current position of Senior Manager Strategy & Institutional Relations. Prior to joining Nexans she worked as an attorney at the Paris Bar for seven years for the law firm Cleary Gottlieb Steen & Hamilton LLP, where she focused primarily on international financial transactions. She is a member of the Supervisory Board of the Group's corporate mutual fund, FCPE Actionnariat Nexans.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

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

Directorships that have expired in the last five years

- None

Kathleen Wantz-O'Rourke, censor

- Group Performance & Transformation and Corporate Finance Director, ENGIE
- First elected as a director: November 24, 2015
- Expiration of current term: November 24, 2017
- Number of shares held: 0
- 50 years old, French and Australian nationality
- Address: 20 avenue du Recteur Poincaré, 75016 Paris, France

Expertise/Experience

Kathleen Wantz-O'Rourke joined the Engie Group in 2012 as Group Action Plan and Performance Director. Between 1984 and 2012, she held various positions within the Siemens Group, in finance, business development and general management in large regional companies. She is a director of Storengy and the Trust Management Institute (TMI), and a member of the Supervisory Board of Compagnie Nationale du Rhône (CNR). She is also a member of the Audit Committees of Storengy and Compagnie Nationale du Rhône.

Directorships and other positions held during fiscal 2015 (and still in force at the year-end)

- Director of Storengy (a subsidiary of the Engie Group) and the Trust Management Institute (TMI)
- Member of the Supervisory Board of Compagnie Nationale du Rhône

Directorships that have expired in the last five years

- Director of EFACI
- Director of Siemens SAS, Siemens France Holding SAS, Siemens Financial Services SAS, Siemens Immobiliers Management SAS, and the Siemens France Foundation

The summary table below lists the changes that occurred in the composition of the Board of Directors during fiscal 2015:

Date of event	Person concerned	Change that occurred
May 5, 2015	Robert Brunck	Expiration of term of office
May 5, 2015	Mouna Sepehri	Expiration of term of office

At the Annual Shareholders' Meeting held on May 5, 2015, Nexans' shareholders re-elected as directors Georges Chodron de Courcel, Cyrille Duval and Hubert Porte. On November 24, 2015, the Board appointed Kathleen Wantz-O'Rourke as censor with a view to proposing her as a candidate to become a director at the 2016 Annual Shareholders' Meeting.

2.3.1.2. INDEPENDENCE

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

On January 20, 2016 the Board of Directors examined the individual status of each of its members in light of the independence criteria defined by Recommendation 9.4 of the AFEP-MEDEF Corporate Governance Code and implemented within Article 1 of the Internal Regulations of the Board of Directors, and confirmed the characterization previously used, namely that at December 31, 2015:

- The following directors are independent: (1) Georges Chodron de Courcel, (2) Cyrille Duval, (3) Jérôme Gallot, (4) Véronique Guillot Pelpel, (5) Philippe Joubert and (6) Colette Lewiner.

  - In order to characterize a director as independent, the Board of Directors takes into account the recommendation from the AFEP-MEDEF Corporate Governance Code that stipulates that *"the criteria to be reviewed by the committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are the following: […] not to have been a director of the corporation for more than twelve years."*
    Furthermore, the Board of Directors considers that belonging to a board for more than 12 consecutive years does not automatically mean losing one's status as an independent director. The criterion of length of service on the board is designed in particular to determine whether time spent by directors impedes their economic independence, business independence, and critical judgment with respect to Executive Management. This is a legitimate concern in this case that must be analyzed and assessed by the Board of Directors.
    The Board of Directors considers **Georges Chodron de Courcel** to be independent with respect to the Group from an economic standpoint given that he receives a substantial pension and has income from other various business activities. Thus, the directors' fees that he receives from Nexans only represent a small portion of his total income.
    In addition, Georges Chodron de Courcel is independent from a business standpoint as he has many other business activities that are not related to the Group.
    Lastly, through Georges Chodron de Courcel's personality, he demonstrates that his judgment is completely independent. His length of service on the Board strengthens his understanding of challenges and risks, and his ability to question Executive Management and express himself. Thus the Board of Directors does not consider that the length of Georges Chodron de Courcel's service on the Board affects in any way his independence given the great freedom of judgment and the ability for critical thinking that he demonstrates. Therefore, the Board of Directors confirmed the characterization previously used, namely that Georges Chodron de Courcel is independent.

    Furthermore, the Board of Directors' meeting of February 17, 2016 decided to appoint Georges Chodron de Courcel as Chairman of the Board as of end-of-day March 31, 2016. Thus, as from this date, he will receive annual fixed compensation instead of directors' fees and will be characterized as an executive director within the meaning of the AFEP-MEDEF Corporate Governance Code. The Board of Directors therefore decided to characterize him again as a non-independent director as from his appointment.

  - **Philippe Joubert** is a member of Nexans Brazil's Strategy Committee, a statutory body that does not have the power to make decisions or represent the Company and that is responsible for advising Nexans Brazil on its strategy. Nexans Brazil has given Philippe Joubert a specific role, which covers special technical issues for the sole benefit of Nexans Brazil, not the Group as a whole or the company Nexans. The business relationship created between Nexans Brazil and Philippe Joubert is not significant for the Nexans Group or for Philippe Joubert.

In addition, the €4,000 of compensation paid per year represents a small proportion (8.2 %) of the average directors' fees received by Nexans' directors[1] and a very small part of the total income of Philippe Joubert, who also has many other business activities that are not related to the Group.

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

At December 31, 2015, six of Nexans' eleven directors were therefore independent, representing an independence rate of more than 54.5%[2]. This exceeds the proportion of 50% recommended by the AFEP-MEDEF Corporate Governance Code for widely held companies and the rule applied by the Board in its Internal Regulations.

On January 20, 2016 the Board of Directors also examined the status of the censor in light of the same independence criteria. Kathleen Wantz-O'Rourke is Director Action Plan & Performance at ENGIE, which is one of Nexans' clients. The Board of Directors reviewed the business relationships between ENGIE and Nexans and focused on checking that there were no significant business relationships. To do this, the Board used a quantitative criterion, the percentage of business volume assessed for both companies, Nexans and ENGIE, which made it possible to show that there was no significant business relationship. Nexans generates less than 0.35% of its sales with ENGIE. Furthermore, Nexans is not a significant supplier for ENGIE at the group level, as the ENGIE group only purchases 0.005% of its supplies from Nexans. The Board also took into account other criteria such as the length and continuity of the relationship between the two companies. This relationship dates back far before Kathleen Wantz-O'Rourke was appointed as a censor and before the position held by Kathleen Wantz-O'Rourke at ENGIE. This position does not give her direct decision-making power over the commercial agreements that correspond to the business relationship between Nexans and ENGIE.

2.3.2. Operation and work of the Board of Directors

2.3.2.1. INTERNAL REGULATIONS, CODE OF ETHICS, DECISIONS RESERVED FOR THE BOARD, THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

Internal Regulations

The Board of Directors adopted Internal Regulations in 2003. Their purpose is to supplement legal and regulatory rules and the Company's bylaws by setting out detailed operating procedures for the Board and its Committees and the duties of directors, particularly in light of the Corporate Governance principles contained in the AFEP-MEDEF Corporate Governance Code, which serves as the Company's reference framework.

The Board of Directors' Internal Regulations set out the principles adopted by the Company concerning the rights of Nexans' directors as well as their access to information. The conduct expected of the Company's directors is formally set out in a Directors' Charter which is appended to the Board's Internal Regulations.

The Board's Internal Regulations contain an appendix on the "Principles governing Nexans' policy concerning the compensation of executive corporate officers." It is published in its entirety on the Company's website and updated on a regular basis.

Board decisions

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

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

(1) Based on the average directors' fees paid for 2015.
(2) Independence rate calculated without counting the director representing employee shareholders, in accordance with Recommendation 9.2 of the AFEP-MEDEF Corporate Governance Code.

(ii) Opening the capital of a subsidiary through a joint venture or initial public offering amounting to an inflow of more than 25 million euros.
(iii) Any transaction or plan representing diversification outside the Group's lines of business irrespective of its value.

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

Role and powers of the Chairman of the Board of Directors

The Internal Regulations set out[1] the role and powers of the Chairman of the Board of Directors. The Chairman represents the Board and, except under special circumstances, is the only person with the power to act and communicate on behalf of the Board. He organizes and oversees the Board of Directors' work and ensures that the management bodies operate efficiently and in accordance with principles of good governance. He coordinates the work of the Board of Directors and that of the Committees.

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

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

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

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

(1) Version in force at March 31, 2016.

In conjunction with the Strategy and Sustainable Development Committee, he monitors the smooth implementation of the annual update and performance of the strategic plans and ensures that the short-, medium-, and long-term objectives of the various stakeholders are taken into account.

The Chairman also participates in certain work of the Appointments, Compensation and Corporate Governance Committee, including the assessment of the Board of Directors' operating procedures, work on the composition of the Board and its committees, and the procedure for selecting and examining potential candidates for appointment to the Board.

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

Up to end-of-day on March 31, 2016, the Chairman was also responsible for the following special duties:

- chairing the Strategy Committee;
- representing the Company in national and international professional organizations in liaison with Executive Management; and
- representing the Company in high-level relations with public authorities and the Group's major partners in France and abroad, in liaison with Executive Management.

Management structure

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

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

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

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

Other provisions of the Internal Regulations and Code of Ethics

The Board's Internal Regulations also cover:

- information provided to the directors;
- the internal regulations of the Board Committees; and
- the principles governing Nexans' policy concerning the compensation of executive corporate officers.

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

2.3.2.2. BOARD MEETINGS IN 2015

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

The Board met 11 times in 2015, sometimes as part of sessions without the presence of executive or internal Board members, with an average annual attendance rate of over 85.82%[1]. The number of 2015 meetings attended by each Board member as of the end of 2015 is indicated in the table below:

Director	Number of meetings attended[3]
Frédéric Vincent	11
Robert Brunck[2]	4
Georges Chodron de Courcel	10
Cyrille Duval	10
Jérôme Gallot	11
Véronique Guillot-Pelpel	10
Philippe Joubert	11
Fanny Letier	10
Colette Lewiner	9[4]
Andrónico Luksic Craig	4[5]
Francisco Pérez Mackenna	10
Hubert Porte	8[6]
Mouna Sepehri[2]	3
Lena Wujek	11

(1) Annual attendance rate determined based on the number of directors in office present at the Board meeting in question and including members who left the Board during the year (Robert Brunck and Mouna Sepehri).
(2) Director whose term of office expired on May 5, 2015
(3) Out of 11 meetings, of which 8 meetings set in advance and 3 special meetings on specific topics
(4) Of which 8 meetings set in advance and 1 special meeting on a specific topic
(5) Of which 3 meetings set in advance and 1 special meeting on a specific topic
(6) Of which 7 meetings set in advance and 1 special meeting on a specific topic

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

The main topics discussed by the Board during its meetings in 2015 were as follows:

Monitoring the Group's key strategic areas and activities	■ Review of strategic plans and of certain strategic initiatives including business portfolio management ■ Transformation Program in Europe and review of the cost-savings plan ■ Review of business performance
The Group's financial position, including cash flow and commitments:	■ 2015 budget ■ Approval of the parent company and consolidated financial statements for the year ended on December 31, 2014 and the six months ended on June 30, 2015 (after reviewing asset impairment and hearing the presentation of the Statutory Auditors and the report of the Chairman of the Accounts and Audit Committee ■ Adoption of the management report on the operations and results of the Nexans Group and its parent company ■ Presentations on business trends and the financial and net debt position of the Company and the Group and reports by the Chairman of the Accounts and Audit Committee on topics reviewed by the Committee ■ Review and approval of press releases on asset impairment, the annual and interim consolidated financial statements and the planned issuance of bonds ■ Funding projects (including a planned issuance of bonds) ■ Approval of a new revolving credit facility ■ Authorization to renew the securitization program
Management compensation:	■ 2014 performance review and compensation and benefits of the Chairman of the Board of Directors and the Chief Executive Officer ■ Quantitative objectives for 2015 used as a basis for determining the variable compensation payable to the Chief Executive Officer and Group senior managers ■ Long-term compensation policy for Group senior managers – Performance share and free share plans ■ Review and approval of advertisements that cover the compensation of executive corporate officers
Corporate governance and internal control:	■ Formal assessment of the composition, organization and operation of the Board and its committees with the help of an external consultant and initiatives to be implemented following this assessment ■ Launch (end-2015) of an annual assessment of the Board with the assistance of an external consultant ■ Adoption of the Chairman's Report on Corporate Governance and on Internal Control and risk management procedures ■ Re-election of directors ■ Appointment of a censor ■ Proposal for the appointment of the Statutory Auditors ■ Characterization of the independence of Board members ■ Work on the composition of the Board, its chair and its committees ■ Review of the Management Board's succession plan ■ Changes to the Board's Internal Regulations regarding the roles and responsibilities of the Accounts and Audit Committee and the Strategy and Sustainable Development Committee ■ Internal Audit and internal control report ■ Review of the Ethics Compliance Program
Market transactions:	■ Supplementary report on the employee share issue under "Act 2014" ■ Employee share issue under "Act 2016" ■ Capital increase following the exercise of stock options ■ Share capital increase linked to the creation of new shares following the vesting of free shares
Other:	■ Notice of the Annual Shareholders' Meeting ■ Answers to written questions received from a shareholder ■ Authorizations to grant parent company guarantees ■ Presentation on the competition's performance ■ Review of Corporate Social Responsibility

Reports are also presented to the Board of Directors on a regular basis by the Management Board and the various managers in charge of functional departments. At the end of September 2015, directors were able to visit the Halden site in Norway, where they were given a presentation of the site and high voltage activity.

2.3.2.3. THE BOARD COMMITTEES

In July 2001, the Board of Directors set up the Accounts and Audit Committee and the Appointments and Compensation Committee, whose purview was extended in 2012 to cover corporate governance. Starting in 2013, the Board also put in place a Strategy Committee, whose purview was extended in 2015 to cover sustainable development.

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

The Accounts and Audit Committee

At December 31, 2015, the Accounts and Audit Committee comprised the following three members, who are all non-executive directors:

Georges Chodron de Courcel	Chairman
Cyrille Duval	Member
Jérôme Gallot	Member

Kathleen Wantz-O'Rourke has also taken part in the Accounts and Audit Committee's meetings since she was appointed as censor on November 24, 2015.

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the independence rate of this committee, as assessed on the basis of the annual review of independence characterization of directors conducted beginning 2015, was of 100%.

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

- Georges Chodron de Courcel, with extensive experience in finance positions within the BNP Paribas Group from 1972 to 2014 and as former Chief Operating Officer of BNP Paribas (2003 to 2014) and head of the Finance and Investment Bank.

- Jérôme Gallot, in view of his career as an Auditor at the Cour des Comptes, his experience in capital investment as well as the diverse financial positions he has held within the French Finance Ministry.

- Cyrille Duval, in view of the range of financial positions he has held at Aubert et Duval and Eramet Group, and his current duties as General Secretary of Eramet Alliages.

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

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

- It examines the accounts and ensures the relevance and continuous application of the accounting methods used by the Company for its corporate and consolidated accounts.
- It monitors the process of preparing the financial information and the independence of the Statutory Auditors.
- It ensures that there are internal control and risk management systems in place and monitors their effectiveness by ensuring that they are deployed and that corrective measures are implemented in the event of significant weak points or problems.

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

The Committee also:

- oversees the scope of consolidated companies, the presentation to the Committee of a description of internal procedures for identifying off-balance sheet commitments and risks,
- examines the work of the Internal Audit Department,
- participates in the selection of Statutory Auditors and defines the rules for using the Auditors' networks for non-audit related engagements,
- reviews the Group's Ethics Compliance Program and its implementation, is informed by the Ethics Officer of issues reported concerning violations of the Code of Ethics and Business Conduct, and
- may carry out specific studies, for which purpose it can contact the Company's senior level managers and report its findings to the Board.

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

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

The Accounts and Audit Committee reports to the Board of Directors and is under its responsibility.

The Accounts and Audit Committee met nine times in 2015, with an attendance rate of 100% at all meetings. The meetings were also attended by the Chief Financial Officer and the Statutory Auditors, and as needed by the Head of Internal Audit, the Head of Consolidation, the Head of Financial Control, the Head of Financial Processes and the Internal Control Department, the Secretary General and the Head of Risk Management and Security.

In 2015, the Committee discussed the following main issues:

Financial information:	■ Presentation of the annual and interim financial statements by the Finance Department ■ Review of provisions for disputes and for contingencies and charges ■ Review of asset impairment proposed by Executive Management ■ Presentation by the Statutory Auditors on their work ■ Press releases on asset impairment and annual and interim earnings
Internal audit and risk management:	■ Presentation by the Head of Internal Audit of the activity report for 2014 and a status report on the 2014-2015 internal audit plan, follow-up on the measures taken, submission of the 2015-2016 internal audit plan for approval ■ Presentation by the Head of Financial Control of the 2015 Internal Control Plan ■ Review of the "Risk factors" section of the 2014 Management Report ■ Review of the Chairman's Report on internal control and risk management procedures ■ Review of material risks and off-balance sheet commitments ■ Review of risk management procedures ■ Review of antitrust investigations
Other:	■ Request for proposals to select a Statutory Auditor and a deputy – interviewing candidates and making a recommendation ■ Review of funding projects (including a project involving the issuance of bonds) ■ Review of plans for a new revolving credit facility ■ Review of plans to renew the securitization program

The Board of Directors' meeting of March 14, 2016 decided to modify the composition of the Accounts and Audit Committee as follows with effect from March 31, 2016:

Cyrille Duval	Chairman
Jérôme Gallot	Member
Hubert Porte	Member

Kathleen Wantz O'Rourke also takes part in meetings of the Accounts and Audit Committee.

Hubert Porte has accounting and financial expertise, particularly in the areas of private equity and asset management, due to his education and professional experience, including as Executive Chairman of Ecus Private Equity and as Managing Partner of Latin America Asset Management Advisors.

The Appointments, Compensation and Corporate Governance Committee

At the end of 2015, the Appointments, Compensation and Corporate Governance Committee comprised the following five members, who are all non-executive directors:

Véronique Guillot-Pelpel	Chairwoman
Georges Chodron de Courcel	Member
Jérôme Gallot	Member
Fanny Letier	Member
Francisco Pérez Mackenna	Member

On the basis of the annual review of the characterization of independence of directors conducted in early 2015, the proportion of independent members on the Appointments, Compensation and Corporate Governance Committee amounted to 60% taking into account the characterization of Fanny Letier and Francisco Pérez Mackenna as non-independent. Thus the independence rate of this committee exceeded the recommendations of the AFEP-MEDEF Corporate Governance Code and the Board's Internal Regulations, which call for a proportion of more than 50%.
The responsibilities of the Appointments, Compensation and Corporate Governance Committee are as follows:

- It proposes candidates to the Board of Directors for the appointment of new Board members and corporate officers, for cooptation or proposal to the shareholders at the Annual Shareholders' Meeting.
- It monitors issues related to corporate governance, the appraisals of the operation and work of the Board, and examines the determination of independence of each Board member subject to the Board of Directors' final decision.
- It examines any issues related to the application of the Directors' Charter and, in particular, conflicts of interest.
- It formulates a proposal to submit for the Board's decision regarding the fixed and variable portions of the executive corporate officers' compensation based on short- and medium-term strategy and market practices, and termination benefits.
- It examines the policy concerning stock option or performance share plans (the frequency, persons concerned and amount), which it proposes to the Board of Directors, and gives its opinion to the Board on plans proposed by Management.

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

During 2015, the Appointments, Compensation and Corporate Governance Committee met nine times with a total average attendance rate of over 93%.

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

Directors:	■ Review of terms of office expiring at the 2015 Shareholders' Meeting, proposal of the re-election of directors ■ Characterization of the independence of Board members ■ Work on the composition of the Board, its chair and its committees
Compensation:	■ Variable portion of the Chairman's and the Chief Executive Officer's compensation paid for 2014 ■ 2015 compensation of the Chairman and the Chief Executive Officer Acknowledgment of the failure to achieve performance conditions under Long-Term Compensation Plan No. 11 ■ 2015 Long-Term Compensation Plan ■ Review of advertisements that cover the compensation of executive corporate officers
Other:	■ Results of the Board's assessment conducted for 2014 with the help of an external consultant and initiatives to be implemented following this assessment ■ Launch of an assessment of the Board with the assistance of an external consultant for 2015 ■ Amendments to the Internal Regulations ■ Management Board's succession plan ■ Review of the Chairman's Report on Corporate Governance

The formal performance assessment commissioned in 2015 was presented to the Board in early 2016. For more information on this assessment, see section 2.3.2.5. "Evaluation of the Board of Directors".

The Board of Directors' meeting of March 14, 2016 decided to modify the composition of the Appointments, Compensation and Corporate Governance Committee as follows with effect from March 31, 2016:

Véronique Guillot-Pelpel	Chairwoman
Jérôme Gallot	Member
Fanny Letier	Member
Francisco Pérez Mackenna	Member

The Strategy and Sustainable Development Committee

At the end of 2015 the Strategy and Sustainable Development Committee had six members, who are all non-executive directors:

Frédéric Vincent	Chairman
Philippe Joubert	Member
Fanny Letier	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member
Lena Wujek	Member

In accordance with the Board's Internal Regulations, the Strategy and Sustainable Development Committee reviews the following matters proposed by Executive Management in order to express its opinion to the Board of Directors:

- The three-year strategic plan (through a preliminary review before the strategic plan is presented to the Board of Directors), and in particular, any change to the scope of the businesses (discontinuing significant operations or expanding into significant new segments);
- Annual follow-up on the progress of some of the most important strategic initiatives;
- Any recommendations from independent consultants hired by the Company to develop plans or strategic initiatives; and
- Strategic considerations related to major mergers, acquisitions, divestments and/or industrial investments which are reviewed by the Board of Directors in accordance with the Board's Internal Regulations.

The Strategy and Sustainable Development Committee also reviews how the Group takes into account sustainable development issues in defining its strategy.

During 2015, the Strategy and Sustainable Development Committee met three times with an attendance rate of 84%. The committee focused in particular on updating the 2013-2015 strategic plans, several specific initiatives, opportunities for consolidation, the management of its business portfolio and a presentation of Corporate Social Responsibility topics. Presentations were made to the Committee by several senior managers from the Group. The manager in charge of Strategy and TPO functions attended all meetings.

The Board of Directors' meeting of March 14, 2016 decided to modify the composition of the Strategy and Sustainable Development Committee as follows with effect from March 31, 2016:

Philippe Joubert	Chairman
Fanny Letier	Member
Colette Lewiner	Member
Francisco Pérez Mackenna	Member

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

2.3.2.4. DIRECTORS' TRAINING

Directors receive all information necessary to complete their duties upon taking office and may request any documents they deem useful.

The Board's Internal Regulations stipulate that each director may benefit from additional training, should it be deemed necessary, on specific Company operating procedures, its businesses or business sector.

Furthermore, the censor who joined the Board in November 2015 received several days' training with members of the management team and representatives from the main corporate departments for a presentation on the Nexans Group, its manufacturing businesses, strategy, financial and accounting matters, stock market information, corporate governance and human resources.

In the continuous improvement of their knowledge of the Group, directors are given regular presentations by the main representatives from the functional departments or geographic areas and participate in an annual on-site meeting (see section 2.3.2.2. "Board meetings" in 2015 above on the on-site visit organized at the end of September 2015).

2.3.2.5. EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors' annual appraisal procedure covers its operating procedures, composition and organization. This appraisal assesses the contribution and involvement of directors, and makes it possible to ensure that significant issues are properly prepared, dealt with and discussed at Board meetings.

The Board's appraisal is conducted in one of two ways. Either a detailed questionnaire is sent to each director, and the Appointments, Compensation and Corporate Governance Committee then prepares a synthesis of the results that is reviewed at a Board meeting; or individual interviews are held by specialized consulting firms without the presence of representatives from the Company. The recommendations for improvement in the outcome of these appraisals are then implemented.

An appraisal was carried out with the assistance of an external consultant at the end of 2015 and was discussed by the Appointments, Compensation and Corporate Governance Committee and then by the Board of Directors on January 20, 2016. The committee noted the recommendations from the appraisal.

The appraisal showed significant improvements.

Reducing the size of the Board to 12 members helped make the Board more efficient. The appraisal recognized better planning of work thanks to the implementation of a summary table. The appraisal also found the Appointments, Compensation and Corporate Governance Committee had improved the efficiency of its work. This committee must continue its work on the composition of the Board and its committees in view of the upcoming change as regards the Chairman of the Board.

Regarding the way the Board operates, areas for improvement were mentioned, in particular looking into an online portal dedicated to the Board's work and sending the committees' minutes after each meeting. Meetings must also be scheduled to follow up on decisions made by the Board.

In order to promote continuous improvement, a second assessment of the contribution of each director was carried out during the appraisal. Each director is provided with an individual report from the external advisor.

2.3.3. Additional information

To the best of the Company's knowledge, there are no family relationships between Nexans' corporate officers, or any service contracts between any of the Board members and the Company or any of its subsidiaries, with the exception of the employment contract of the director representing employee shareholders.

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

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

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

Apart from this undertaking and any related party agreements approved in advance by the Board, and the Board's agreement to propose to the shareholders at the Annual Shareholders' Meeting directors proposed by the two major shareholders, no agreements or arrangements have been entered into with the Company's main shareholders, customers, suppliers or other parties concerning the appointment of a Nexans corporate officer.

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

In accordance with the disclosure requirements in Article 223-26 of the General Regulations of the AMF (the French Financial Markets Authority), transactions in the Company's securities carried out during fiscal 2015 by the corporate officers and executives referred to in Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) are listed in the following table.

	Date of transaction	Type of transaction	Financial instrument	Unit price *(in euros)*	Gross amount *(in euros)*
None					

Corporate officers (directors) are not subject to any restrictions concerning the sale or transfer of their shares, with the exception of rules applicable to insider trading and, regarding executive corporate officers, the holding period applicable to a portion of the shares held on exercise of stock options and to a portion of fully vested performance shares, subject to decision of the Board.

Pursuant to Article 11 of the Company's bylaws, all directors must own at least 10 shares. This principle is respected by all directors. Furthermore, the Directors' Charter appended to the Board of Directors' Internal Regulations recommends that each Board member apart from the director representing employee shareholders should own at least 500 shares. This recommendation is complied with by all the directors concerned. The Board of Directors therefore considers that its non-employee members comply with the recommendation of the AFEP-MEDEF Corporate Governance Code according to which each director must own a significant number of shares in view of the attendance fees they receive.

The Board of Directors has set at 15,000 the minimum number of shares to be held by Frédéric Vincent in his role as Chairman of the Board in order to meet the objective prescribed by Recommendation 23.2.1 of the AFEP-MEDEF Corporate Governance Code. At December 31, 2015, Frédéric Vincent held 27,986 Nexans shares (directly and indirectly), therefore meeting the Board's minimum shareholding requirement. Frédéric Vincent has held a consistently increasing number of the Company's shares since he was first appointed as Chairman in 2009. In addition, Frédéric Vincent holds a number of unexercised stock options as well as performance shares that are not yet fully vested, under plans that provide for minimum holding periods and include purchase requirements for the shares concerned.

The Board of Directors has also set the minimum number of shares to be held by Arnaud Poupart-Lafarge in his capacity as Chief Executive Officer at 15,000 shares, and decided that these shares may come from the final vesting of performance shares granted to him. At December 31, 2015, Arnaud Poupart-Lafarge held 740 Nexans shares (directly and indirectly).

2.5. Compensation and benefits

2.5.1. Directors' compensation

At December 31, 2015 the Company's Board of Directors comprised 12 members. The aggregate annual amount of directors' fees was set at 650,000 euros at the Annual Shareholders' Meeting held on May 15, 2012, effective from the fiscal year that commenced on January 1, 2012.

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

Effective from January 1, 2013 and until the 2016 Annual Shareholders' Meeting, the aggregate amount of directors' fees is allocated between the individual directors as follows:

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

At its meeting on November 24, 2015, the Board of Directors decided to amend the rules for allocating directors' fees with effect from the 2016 Annual Shareholders' Meeting. As from that date, directors will receive:

- A fixed fee of 13,000 euros.
- A fee of 3,000 euros for every Board meeting attended, capped at an aggregate 21,000 euros per year.
- If they are a member of a Board Committee (other than the Committee Chairman), a fee of 3,000 euros per Committee meeting attended, capped at an aggregate 12,000 euros per year.
- If they are the Chairman of a Board Committee, a fee of 6,000 euros per Committee meeting attended, capped at an aggregate 24,000 euros per year.

The Chairman of the Board of Directors and the director representing employee shareholders will not receive any directors' fees.

In accordance with the Group's policy, none of Nexans SA's Board members received any directors' fees in 2015 for positions held in Group subsidiaries, except for Philippe Joubert, who received 4,000 euros from Nexans Brazil in his capacity as a member of that company's Strategy Committee (for more details, see section 2.3.1.2. "Independence").

Non-executive directors did not receive any compensation from the Company in 2015 other than that shown below, apart from the director representing employee shareholders, who receives compensation from the subsidiary that employs her.

As a result, the total amount of directors' fees allocated for 2015 was 614,073 euros. The table below shows the allocation between the individual directors for 2015 and 2014 (in euros).

Board members in 2015	Directors' fees allocated in 2014 (for 2014)	Directors' fees allocated in 2015 (for 2015)
Frédéric Vincent (Chairman of the Board)	32,620	34,000
Robert Brunck (1)	61,402	34,857
Georges Chodron de Courcel	55,646	70,000
Cyrille Duval	44,133	46,000
Jérôme Gallot	67,159	70,000
Véronique Guillot-Pelpel	44,133	52,000
Philippe Joubert (2)	33,699	46,000
Fanny Letier (2)	48,090	58,000
Colette Lewiner	44,133	46,000
Andrónico Luksic Craig	32,620	25,000
François Polge de Combret (3)	30,701	-
Francisco Pérez Mackenna	55,646	58,000
Hubert Porte	32,620	34,000
Mouna Sepehri (1)	32,620	13,507
Nicolas de Tavernost (4)	14,631	-
Lena Wujek (Director representing employees shareholders)	20,148	26,710
TOTAL	**650,000**	**614,073**

(1) Director whose term of office expired on May 5, 2015.
(2) Director elected on May 15, 2014.
(3) Director whose term of office expired on May 15, 2014.
(4) Director who resigned from the Board on March 31, 2014.

2.5.2. Compensation policy for executive directors

The Company applies the AFEP-MEDEF Corporate Governance Code for listed companies in France (the AFEP-MEDEF Code). The Internal Regulations of the Board of Directors – which can be viewed in full on the Company's website – include an Appendix setting out its policy on executive directors' compensation, whose principles are based on the recommendations contained in the November 2015 revised version of the AFEP-MEDEF Code. The applicable recommendations in the revised version of the AFEP-MEDEF Code have been followed for all of the components of executive directors' compensation.

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

2.5.3. Compensation payable to Frédéric Vincent, Chairman of the Board of Directors

The Board of Directors decided in agreement with the Chairman of the Board that there would be no variable in his compensation in 2015. Also, the Board of Directors decided to not include the Chairman in the possible future long term share-based incentive plan.

Summary of Frédéric Vincent's compensation and benefits

	2014 (2)	2015
Compensation due for the year	€1,385,579	€560,072
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year(1)	€813,092	-
TOTAL	**€2,198,671**	**€560,072**

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

Breakdown of Frédéric Vincent's compensation and benefits

	2014		2015	
	Amounts due for 2014 (1)	Amounts paid in 2014	Amounts due for 2015	Amounts paid in 2015
Fixed compensation	€730,000	€730,000	€520,000	€520,000
Variable compensation(1)	€616,887	-	-	€616,887
Exceptional compensation	-	-	-	-
Directors' fees(2)	€ 32,620	€32,620	€34,000	€34,000
Benefits-in-kind(3)	€6,072	€6,072	€6,072	€6,072
TOTAL	**€1,385,579**	**€768,692**	**€560,072**	**€ 1,176,959**

(1) Compensation as Chairman and CEO until September 30, 2014 and as Chairman of the Board from October 1, 2014.
(2) See section above "Directors' compensation".
(3) Company car.

2.5.3.1. COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The compensation of the Chairman of the Board of Directors was set by the Board of Directors at its meeting on July 24, 2014, and was kept at the same amount for 2015 by decision of the Board on March 17, 2015. The Board also approved the recommendation of the Appointments, Compensation and Corporate Governance Committee to pay the Chairman of the Board of Directors fixed compensation of 520,000 euros(1) in 2016, unchanged from 2015, and not to pay him any variable compensation.

2.5.3.2. STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO FRÉDÉRIC VINCENT IN HIS CAPACITY AS CHAIRMAN AND CEO (UNTIL SEPTEMBER 30, 2014)

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

	Plan no. 7 – February 22, 2008	Plan no. 8 – November 25, 2008	Plan no. 9 – March 9, 2010
Number of options granted (2)	75,764	52,452	48,723
Start date of exercise period	02/22/09	11/25/09	03/09/11
Expiration date	02/21/16	11/24/16	03/08/18
Exercise price(2)	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year	One quarter each year
Performance conditions	No	Yes. Two performance conditions related to Nexans' comparative share performance and the free cash flow generated by the Company.	Yes. Two performance conditions related to Nexans' comparative share performance and the free cash flow generated by the Company.

Frédéric Vincent did not receive and did not exercise any stock options in 2015.
Frédéric Vincent decided to waive all of his rights to stock options, the value of which was estimated at around 368,000 euros at February 1, 2016(3) (see section 2.5.3.4. below).

(1) Frédéric Vincent's compensation of €520,000 is an annualized amount. Following his resignation, the amount effectively paid will be proportionate to the time he spent in the position of Chairman.
(2) After adjustments made following a rights issue carried out on November 8, 2013.
(3) Valued by independent actuaries in accordance with IFRS 2 and the method used for the consolidated financial statements, based on the share price at February 1, 2016.

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

At its meeting on November 24, 2015, the Board of Directors noted that the performance conditions for Plan no. 11 of November 20, 2012 had been partially met, with the result that a certain proportion of the performance shares granted to employees and officers (including Frédéric Vincent in his capacity as Chairman and CEO on the grant date) had vested. In the case of Frédéric Vincent, 7,576 shares vested in 2015, representing 38.23% of the original grant (19,816 shares based on maximum performance). No vested performance shares reached the end of their lock-up period in 2015.

	Plan no. 12 – July 24, 2013	Plan no. 13 – July 24, 2014
Number of shares granted	Between 0 and 58,280	Between 0 and 50,000
Value of shares based on the method used in the consolidated financial statements	€919,500 (1)	€813,092
Portion of total shares under the plan granted to Frédéric Vincent	Less than 20%	Less than 20%
% capital represented by shares granted	0.2%	0.12%
Vesting date	07/24/2016	07/24/2017
End of lock-up period	07/24/2018	07/24/2019
Performance conditions	Yes. Two performance conditions: ■ a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of ten companies (Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT); and ■ a financial performance condition based on the achievement rate at end-2015 of the operating margin and ROCE objectives contained in the 2013-2015 three-year strategic plan issued in February 2013.	Yes. Two performance conditions: ■ a share performance condition based on Nexans' share performance over a period of three years as compared with that of a benchmark panel made up of ten companies (Alstom, Legrand, Prysmian, General Cable, Rexel, ABB, Schneider-Electric, Saint-Gobain, Leoni and NKT); and ■ a financial performance condition based on the achievement rate at end-2016 of operating margin on sales at constant metal prices in relation to ROCE.

Frédéric Vincent decided to waive his rights to unvested performance shares, the value of which was estimated at around 1.79 million euros at February 1, 2016[2] (see section 2.5.3.4. below).

2.5.3.3. COMMITMENTS GIVEN TO FRÉDÉRIC VINCENT

First appointed as Chairman and CEO: May 26, 2009
Renewal of appointment as Chairman and CEO: May 15, 2012
End of duties as Chief Executive Officer and start of position as Chairman of the Board of Directors: October 1, 2014
End of current term of office: 2016 Annual Shareholders' Meeting

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

Employment contract

In accordance with the recommendation of the AFEP-MEDEF Code, Frédéric Vincent's employment contract, which had been suspended since May 2006, was terminated when he was appointed Chairman and CEO of the Company in May 2009.

(1) The figures for Plan 12 take into account the adjustments applied by the Board of Directors on November 20, 2013, in accordance with the applicable law, following the rights issue carried out on November 8, 2013.
(2) Valued by independent actuaries in accordance with IFRS 2 and the method used for the consolidated financial statements, based on the share price at February 1, 2016.

Termination payments

As Chairman of the Board of Directors, Frédéric Vincent has received the following commitments from the Company concerning termination payments. They were authorized at the Board Meeting of July 24, 2014 and ratified at the Annual Shareholders' Meeting held on May 5, 2015.

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

Termination indemnity

As Chairman of the Board of Directors, Frédéric Vincent is entitled to a termination indemnity. This indemnity would be payable only in the event of a forced departure due to a change of control or strategy (the latter condition shall be deemed satisfied unless otherwise decided by the Board such as in the case of serious misconduct), which shall be assumed in compliance with the Internal Regulations of the Board of Directors, and after the Board has established that the performance conditions have been met. Frédéric Vincent's removal from office or a decision by the Shareholders' Meeting not to re-elect him as a director, contrary to the Board's recommendation, would constitute cases of forced departure. However, his departure would not qualify as forced if the Board decided not to propose his re-election as a director to the Shareholders' Meeting.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base compensation (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (an amount equal to his most recent monthly base compensation (fixed portion) multiplied by his most recent nominal bonus rate).

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

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

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

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

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

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

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

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

Non-compete indemnity

Frédéric Vincent has undertaken not to exercise any business that would compete either directly or indirectly with 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.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

Supplementary pension plan

As authorized by the Board of Directors on April 3, 2009 and approved in the fourth resolution of the May 26, 2009 Annual Shareholders' Meeting, in his capacity as Chairman and CEO, Frédéric Vincent was a member of the defined benefit pension plan (Article 39 of the French tax code) set up by the Group for certain employees and corporate officers. He continues to be a member of this pension plan in his capacity as Chairman of the Board of Directors, following the Board's decision of July 24, 2014 as approved at the Annual Shareholders' Meeting of May 5, 2015. The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company.

The beneficiary must also have at least five years' seniority with the Group, be at least 60 years of age and be entitled to payment of his basic and supplementary pensions.

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

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This supplemental retirement plan is in addition to the mandatory and base supplemental plans and cannot lead to a replacement rate of less than 30% of the reference income, with all mandatory retirement plans taken together. The supplemental benefit is therefore equal to the difference between the total benefits receivable under mandatory plans and other supplemental plans and 30% of the reference income, representing a replacement rate that is lower than the 45% rate provided for in the AFEP-MEDEF Code. The amount of the supplemental benefit alone may not exceed 30% of the reference income.

Entitlements under the supplementary pension plan are funded by quarterly contributions paid by Nexans through an insurance company into a special fund from which the amounts required to pay pensions to retired beneficiaries are deducted as and when they retire.

The pension calculated with the rules laid down in this plan was estimated at around 301,000 euros per year. The total amount of social charges and taxes associated born by the Company are estimated at 1,423,590 euros. This plan was closed to new entrants in 2014. The beneficiaries are the members of the former Executive Committee of Nexans and previously other employees of the Group eligible to a former Alcatel's pension plan together with compensation requirements. Changes to executive directors and corporate officers' retirement plan are currently being examined, to comply with Act no. 2015-990 of August 6, 2015 in favor of economic growth and activity and equal economic opportunity (the «Macron Act»).

Welfare plan

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

2.5.3.4. END OF THE CHAIRMAN OF THE BOARD OF DIRECTORS' TERM OF OFFICE

At the Board of Directors' meeting of February 17, 2016, Frédéric Vincent announced his decision to retire, thereby ending his term of office as Chairman and member of the Board of Directors effective on end of business day March 31, 2016.

His voluntary retirement does not constitute a forced departure. Consequently, the Board confirmed that no payement will be made of the termination indemnity (see section 2.5.3.3. above). In accordance with Article 23.2.5 of the AFEP-MEDEF Code, the Board decided to not activate the non-compete commitment and accordingly to not pay a non-compete indemnity to Frédéric Vincent.

The Board also noted that Frédéric Vincent was a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers (see section 2.5.3.3. above).

Frédéric Vincent decided to waive all of his unvested rights to stock options and performance shares, the value of which was estimated at over 2.16 million euros[1] at February 1, 2016. The Board acknowledged and thanked him for this initiative.

(1) Valued by independent actuaries in accordance with IFRS 2 and the method used for the consolidated financial statements, based on the share price at February 1, 2016.

2.5.4. Compensation payable to Arnaud Poupart-Lafarge, Chief Executive Officer

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

Summary of Arnaud Poupart-Lafarge's compensation and benefits

	2014	2015
Compensation due for the year	€964,381 (2)	€1,549,941
Valuation of multi-annual variable compensation granted during the year	€110,000 (3)	-
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year (1)	€398,415	€702,642
TOTAL	**€1,472,796**	**€2,252,583**

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

Breakdown of Arnaud Poupart-Lafarge's compensation and benefits

	2014		2015	
	Amounts due for 2014	Amounts paid in 2014	Amounts due for 2015	Amounts paid in 2015
Fixed compensation	€587,500 (3)	€587,500 (3)	€700,000	€700,000
Variable compensation	€372,681	€417,907	€814,803	€372,681
Multi-annual variable compensation (2)	-	-	€30,938	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind (1)	€4,200	€4,200	€4,200	€4,200
TOTAL	**€964,381**	**€1,009,607**	**€1,549,941**	**€1,076,881**

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

2.5.4.1. FIXED COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's compensation package is determined taking into account the level and complexity of his responsibilities, his experience in the position and market practices for comparable groups and companies. The Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and maintained the Chief Executive Officer's fixed compensation at 700,000 euros for 2016. This amount has been unchanged since Arnaud Poupart-Lafarge was appointed as Chief Executive Officer in 2014.

2.5.4.2 VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

As decided by the Board of Directors at its meeting on March 17, 2015, for 2015, the targeted percentage of Arnaud Poupart-Lafarge's variable annual compensation for 2015 will represent 100% of his fixed annual compensation and will be determined 70% based on the fulfillment of quantitative objectives and 30% based on the achievement of specific pre-determined individual objectives that are not disclosed because of confidentiality. Arnaud Poupart-Lafarge's variable compensation for 2015 paid in 2016 may vary based on the achievement of objectives set by the Board of Directors, from 0% to 150% of his fixed annual compensation.

The Board of Directors set the financial objectives for the quantitative portion and their relative weighting as follows: (1) Operating margin: 40%; (2) ROCE: 40% and (3) Free cash flow: 20%. Furthermore, if a minimum level for the operating margin objective is not reached, no quantitative portion of the variable compensation will be paid for 2015.

On February 17, 2016, the Board of Directors voted on the determination of the amount of Arnaud Poupart-Lafarge's variable compensation for 2015 and decided:

- as regards the quantitative portion of the variable compensation, under strict application of the level of achievement of the objectives set for 2015 (40% operating margin, 40% ROCE and 20% free cash flow),
  - The achievement rate for operating margin is 71.4% of the maximum, and this indicator improved 32% compared with 2014 at constant exchange rates.
  - The achievement rate for ROCE of 87.3% of the maximum shows an increase in this indicator compared with 2014.
  - The achievement rate for free cash flow is 100% of the maximum, representing a total of 381 million euros.

Based on these figures, the Board of Directors noted that the quantitative portion came to 615,303 euros (with a maximum potential amount of 735,000 euros, or 84% of the maximum amount).

- as regards the portion related to individual objectives, they are specific and pre-determined and their achievement was assessed for the period from January 1, 2015 to December 31, 2015. After assessing the extent to which they were achieved, the Board of Directors set the amount of the variable portion at 199,500 euros (with a maximum potential amount of 315,000 euros, or 63% of the maximum amount). These objectives involved implementing short- and medium-term initiatives related to the transformation of the organizational structures, implementing strategic plans, improving the Group's competitive edge and managing human resources.

The total amount of the variable compensation paid to Arnaud Poupart-Lafarge as determined by the Board for 2015 was thus 814,803 euros or 78% of the maximum amount.

2.5.4.3. STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO ARNAUD POUPART-LAFARGE

Stock options granted during the year to the Chief Executive Officer

In accordance with the Group's long-term compensation policy, the Chief Executive Officer did not receive any stock options in 2015. Since 2010 the Company no longer grants any stock options.

Performance shares granted to Arnaud Poupart-Lafarge

	Plan no. 13 – July 24, 2014	Plan no. 14 – July 28, 2015
Number of shares granted	Between 0 and 24,500(2)	Between 0 and 42,000
Value of shares based on the method used in the consolidated financial statements(1)	€398,415	€702,642
Portion of total shares under the plan granted to the Chief Executive Officer	7.85%	12%
% capital represented by shares granted	0.06%	0.10%
Vesting date	07/24/2017	07/28/2018
End of lock-up period	07/24/2019	07/28/2020
Performance conditions	Yes (see below)	Yes (see below)

(1) Valuation performed at the time of the performance share grant using the Monte Carlo method.
(2) Granted as Chief Operating Officer prior to October 1, 2014.

In accordance with the Group's long-term compensation policy and the decision of the Annual Shareholders' Meeting of May 5, 2015, on July 28, 2015 the Board of Directors approved the recommendation of the Appointments, Compensation and Corporate Governance Committee and adopted a new long-term compensation plan (Plan no. 14). This plan involves grants of performance shares and free shares to the Group's key senior managers. Under the plan the Board granted Arnaud Poupart-Lafarge between 0 and 42,000 performance shares. The vesting of these shares is subject to the attainment of two performance conditions which are of equal weighting and are applicable to all performance share beneficiaries. These conditions are as follows:

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

(2) A financial performance condition, which also applies to 50% of the shares granted and is based on the achievement rate at end-2017 of operating margin on sales at constant metal prices in relation to ROCE.

No vested performance shares held by Arnaud Poupart-Lafarge reached the end of their lock-up period in 2015.

2.5.4.4. OTHER COMPENSATION OF ARNAUD POUPART-LAFARGE IN HIS CAPACITY AS CHIEF OPERATING OFFICER PRIOR TO OCTOBER 1, 2014

In his capacity as Chief Operating Officer prior to October 1, 2014, Arnaud Poupart-Lafarge was granted a long-term bonus in 2013 (multi-annual variable compensation), whose target amount was set at 22.5% of his fixed annual salary, i.e., 123,750 euros. The payment of this bonus in March 2016 was subject to (i) Mr. Poupart-Lafarge still being a member of the Group and (ii) the level of attainment at end-2015 of the objectives set for the two financial indicators in the Long-Term Compensation Plan no. 12 of July 24, 2013. These two financial performance conditions are the same as for the grant of performance shares under this plan, authorized by the May 14, 2013 Annual Shareholders' Meeting, under which a maximum of 23,312 shares may vest (after adjustment following the completion of the capital increase with pre-emptive subscription rights of November 8, 2013). The Board of Directors of March 14, 2016 has found the partial achievement of the economic performance conditions. As a result, the 2013 long term plan cash bonus of Arnaud Poupart-Lafarge is €30,938, representing 25% of the maximum.

In July 2014, Arnaud Poupart-Lafarge also became a beneficiary under the Long-Term Compensation Plan no. 13, the performance conditions of which were submitted to the May 14, 2014 Annual Shareholders' Meeting for the grant of performance shares, of which a maximum of 24,500 can vest (see section 2.5.4.3 above) and which also includes a long-term cash bonus capped at 110,000 euros which was submitted to the advisory vote of the Annual Shareholders' Meeting of May 5, 2015.

2.5.4.5. COMMITMENTS GIVEN TO THE CHIEF EXECUTIVE OFFICER

First appointed as Chief Executive Officer: October 1, 2014

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

Employment contract

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

Termination payments

As Chief Executive Officer, Arnaud Poupart-Lafarge has received commitments from the Company concerning termination payments. They were authorized at the Board Meeting of July 24, 2014 and ratified at the Annual Shareholders' Meeting held on May 5, 2015.

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

Termination indemnity

As Chief Executive Officer, Arnaud Poupart-Lafarge is entitled to a termination indemnity. This indemnity would be payable only in the event of a forced departure due to a change of control or strategy (the latter condition shall be deemed satisfied unless otherwise decided by the Board such as in the case of serious misconduct), which shall be assumed in compliance with the Internal Regulations of the Board of Directors, and after the Board has established that the performance conditions have been met. Arnaud Poupart-Lafarge's removal from office or a decision by the Shareholders' Meeting not to re-elect him as a director, contrary to the Board's recommendation, would constitute cases of forced departure. However, his departure would not qualify as forced if the Board decided not to propose his re-election as a director to the Shareholders' Meeting.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus.

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

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

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

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

If Arnaud Poupart-Lafarge's forced departure were to take place before the end of three full fiscal years as from the date he took up his position, the operating margin and free cash flow conditions would be assessed based on the number of full fiscal years completed (i.e. either one or two years). In this case, the period used for measuring the attainment of the share performance condition would be the period between the date he took up his position and the date of his departure.

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

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

The final amount payable in respect of the termination indemnity would be paid in one installment within a maximum of one month after the Board of Directors' assessment of whether the applicable criteria had been met.

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

Non-compete indemnity

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

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

Supplementary pension plan

Arnaud Poupart-Lafarge is a member of the defined benefit pension plan (Article 39 of the French tax code) set up by the Group for certain employees and corporate officers. The regulations for the defined benefit pension plan were adopted in 2004 and amended in 2008 by the Board of Directors and make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company.

The beneficiary must also have at least five years' seniority with the Group, be at least 60 years of age and be entitled to payment of his basic and supplementary pensions. This defined benefit pension plan stipulates the payment of a supplemental retirement benefit corresponding to 10% of the reference income (average of the sum of the fixed compensation, variable compensation, and benefits paid during the three years preceding his retirement), plus 1.70% of tranche D per year of seniority since January 1, 2001.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This supplemental retirement plan is in addition to the mandatory and base supplemental plans and cannot lead to a replacement rate of less than 30% of the reference income, with all mandatory retirement plans taken together. The supplemental benefit is therefore equal to the difference between the total benefits receivable under mandatory plans and other supplemental plans and 30% of the reference income, representing a replacement rate that is lower than the 45% rate provided for in the AFEP-MEDEF Code. The amount of the supplemental benefit alone may not exceed 30% of the reference income.

Benefits under the supplementary pension plan are funded by quarterly contributions paid by Nexans through an insurance company into a special fund from which the amounts required to pay pensions to retired beneficiaries are deducted as and when they retire.

The amount of the gross annual pension payable to Arnaud Poupart-Lafarge is estimated at around 94,000 euros, it being specified that this amount is calculated as if Arnaud Poupart-Lafarge could benefit from the pension as from January 1, 2016 irrespective of the fact that the conditions of seniority, retirement age, terminating his career within the Company and being entitled to his basic and supplementary pension are not fulfilled. The total amount of the related social security contributions and taxes payable by the Company amounts to 1,413,077 euros.

The plan was closed to new beneficiaries in 2014. The beneficiaries are members of the Nexans Group's former Executive Committee and other Group employees meeting the salary conditions and eligible for a previous Alcatel pension plan.

Changes to the pension plan for executive directors and senior managers are currently being examined, to comply with Act no. 2015-990 of August 6, 2015 in favor of economic growth and activity and equal economic opportunity (the "Macron Act").

Welfare plan and unemployment insurance plan

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

2.5.5. Stock options and performance shares

2.5.5.1. THE GROUP'S LONG-TERM COMPENSATION POLICY

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

For the Chief Executive Officer, the long-term incentive policy is based on the granting of performance shares which are subject to vesting conditions linked to the Group's financial performance over three years, as measured by operating margin on sales at constant metal prices, return on capital employed (ROCE) and stock market performance. These vesting conditions apply to all performance shares granted to senior executives. The performance and continuing employment conditions, the vesting period and the lock-up period are the same for all grantees, whatever their level of responsibility (although local differences may exist depending on where the grantee is domiciled for tax purposes).

Senior managers (except for the Chief Executive Officer) also receive a long-term incentive bonus calculated by reference to the Group's performance over a three-year period.

2.5.5.2. STOCK OPTIONS

Summary of stock option plans

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

	Plan no. 7	Plan no. 8	Plan no. 9
Date of Shareholders' Meeting	05/10/07	04/10/08	05/26/09
Grant date	02/22/08	11/25/08	03/09/10
Number of options or shares granted(1)	354,841	358,633	389,026
To the Chief Executive Officer(1)	75,764	52,452	48,723
To the ten employees receiving the most options(1)	90,334	87,653	101,407
Total number of beneficiaries	180	216	240
Start date of exercise period	02/22/09	11/25/09	03/09/11
Expiration date	02/21/16	11/24/16	03/08/18
Exercise price(1)	€61.11	€37.29	€46.30
Exercise conditions	One quarter each year	One quarter each year Performance conditions	One quarter each year Performance conditions
Number of shares purchased at Dec. 31, 2015(1)	-	18,270	2,289
Number of options canceled(1)	34,875	42,985	43,339
Options outstanding at Dec. 31, 2015(1)	319,966	297,378	343,398

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

Shares purchased in 2015 following exercise of stock options by the ten employees exercising the most options (excluding corporate officers)

	Number of shares purchased	Exercise price
None		

2.5.5.3. PERFORMANCE SHARES AND RESTRICTED (FREE) SHARES

Summary of performance share and restricted (free) share grants

At its meeting on November 24, 2015, the Board of Directors noted that the performance conditions for Plan no. 11 of November 20, 2012 had been partially met, with the result that a certain proportion of the performance shares granted under the plan had vested, corresponding to 38.23% of the total number of shares originally granted (based on maximum performance).

	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14
Date of Shareholders' Meeting	05/15/12	05/14/13	05/15/14	05/05/15
Grant date	11/20/12	07/24/13	07/24/14	07/28/15
Number of performance shares granted (based on target performance)(1)	124,008	N/A	N/A	N/A
Number of performance shares granted (based on maximum performance)(1)	183,099	301,473	296,940	291,000
To the Chief Executive Officer (based on maximum performance)(1)	19,816	58,280	50,000	42,000
To the ten employees receiving the most shares(1)	38,232	167,846	162,800	121,100
Number of free shares granted(1)	17,470	17,534	15,000	29,960
Vesting date (French tax residents)	11/20/15	07/24/16	07/24/17	07/28/18
End of lock-up period (French tax residents)	11/20/17	07/24/18	07/24/19	07/28/20
Total number of beneficiaries	247	173	172	187
Number of shares vested	38,917	-	-	-
Number of performance share rights canceled	70,111	15,161	7,200	-

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

The Board of Directors also decided to use the authorization given by the Annual Shareholders' Meeting of May 5, 2015 to grant 30,000 performance shares under Plan no. 15 of January 1, 2016.

The performance conditions applicable for the performance shares granted under Plan no. 12 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition based on the achievement rate at end-2015 of the objectives set in the 2013-2015 three-year strategic plan issued in February 2013, in terms of operating margin and ROCE.

The performance conditions applicable for the performance shares granted under Plan no. 13 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition based on the achievement rate at end-2016 of operating margin on sales at constant metal prices in relation to ROCE.

The performance conditions applicable for the performance shares granted under Plan no. 14 of July 28, 2015 and Plan no. 15 of January 1, 2016 are as follows: (1) A share performance condition based on the Company's share performance over a period of three years as compared with that of a benchmark panel, and (2) a financial performance condition based on the achievement rate at end-2017 of operating margin on sales at constant metal prices in relation to ROCE.

The dilutive impact of the performance shares and free shares granted under Long-Term Compensation Plans no. 14 and no. 15 was approximately 0.82% at end-2015.

Characteristics of stock options and performance shares granted to executive directors

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

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

3 Main risk factors and risk management within the Group

3.1. Risk factors

3.1.1. Legal risks

In the same way as all other industrial players, in view of the Group's wide geographic reach it is required to comply with numerous national and regional laws and regulations, notably concerning commercial, customs and tax matters. Any amendments to these laws or regulations or how they apply to the Group could result in a decrease in its profitability and earnings.

3.1.1.1. ANTITRUST INVESTIGATIONS

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

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

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

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission (within 90 days of receiving the notification of the decision as provided for in European regulations).

At June 30, 2014, Nexans France SAS booked an 80 million euro provision for risks to cover the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity (see Note 29 to the consolidated financial statements for further details). As an indirect consequence of the decision, one of the Group's competitors which has been subject to follow-on damages claims in the United Kingdom since the beginning of 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans.

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada.

Certain Group companies in this sector of business are still under investigation by the antitrust authorities in Australia, South Korea (in addition to ongoing investigations into local operations as described below) and Brazil. A hearing took place in relation to the Australian proceedings in 2015 and the Group expects the related decision to be issued during 2016.

In view of the recent events related to antitrust proceedings described above, at December 31, 2015 Nexans France SAS reduced the amount of the related provision for risks to 38 million euros.

In its communications subsequent to the launch of the antitrust investigations, the Company indicated that an unfavorable outcome for all of these proceedings as well as the associated consequences could have a material adverse effect on the results and thus the financial position of the Group.

As mentioned above and in the consolidated financial statements, Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage power cables.

As explained in the Group's previous communications, as part of several procedures related to the antitrust investigations carried out by South Korea's antitrust authority (the "KFTC"), in recent years fines of approximately 4 million euros have been imposed on two Nexans subsidiaries in South Korea, and customers have subsequently filed claims. In January 2015, a Korean civil court issued a judgment pursuant to which the Korean subsidiaries concerned paid a customer the equivalent of 2 million euros. The customer has appealed this judgment.

Nexans' local Korean subsidiaries are cooperating with the KFTC in additional investigations into businesses other than the high-voltage business for which no administrative or criminal court decisions have yet been taken, except for a case for which a ruling was handed down in 2015 and the KFTC exempted the Korean subsidiaries from paying a fine.

The Group has recorded a 5 million euro provision for these local investigations and subsequent customer claims (both existing and potential). The provision is based on management estimates made on the basis of the information available to date. There is uncertainty about the extent of risks associated with these procedures and any subsequent customer claims.

Lastly, legal procedures and local antitrust investigations have also been launched against the Group's Spanish subsidiary and one of its Australian subsidiaries (see Note 29 to the consolidated financial statements for further details).

In spite of the internal control rules and procedures in place (see section 3.2. "Internal control and risk management procedures implemented at Nexans", which have been regularly strengthened over the past several years, the Group cannot guarantee that all risks and problems relating to practices that do not comply with the applicable rules of ethics and business conduct will be fully controlled or eliminated.

3.1.1.2. OTHER COMPLIANCE RISK

The Group has put in place rules and procedures for managing compliance risks, which have been regularly strengthened over the past several years. These include the Ethics Compliance Program, the Code of Ethics and Business Conduct, and the internal procedure on agents and consultants (see section 3.2.2. "Control environment").

In the past, the Group has been exposed to cases of non-compliance, such as in relation to customs regulations applicable to exports to the United States and technical standards (tests) that must be respected for any product sold to the US Navy. In both of the cases in question, the Group subsidiaries concerned worked with the relevant authorities, voluntarily disclosing the non-compliance issue and introducing tighter control procedures. The authorities regularly carry out audits and draw up reports to certify the Group's compliance. No sanctions have been imposed on the Group for these non-compliance cases.

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

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

3.1.1.3. RISKS RELATED TO CLAIMS AND LITIGATION

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

As part of its day-to-day business, the Group is subject to legal risks arising from relations with partners, customers and suppliers. A number of Group subsidiaries are currently involved in disputes, primarily relating to contractual liability (see section below entitled *Risks related to contractual liability*). Disputes and contingent liabilities are also described in Note 29 "Disputes and contingent liabilities" and Note 21 "Provisions" to the 2015 consolidated financial statements.

The most significant dispute-related risk in 2015 concerned a claim made by a European transmission link owner against a Nexans subsidiary for reimbursement of significant repair costs relating to an interconnection cable installed more than ten years ago (which is therefore no longer covered by a warranty) as well as the future costs of replacing this cable (see Note 29 to the 2015 consolidated financial statements).

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

3.1.2. Business-related risks

3.1.2.1. RISKS RELATED TO CONTRACTUAL LIABILITY

Product liability

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

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

Contracts related to turnkey projects

The majority of contracts for the supply and installation of cables as part of turnkey infrastructure projects involve submarine and land high-voltage cable operations. The sales generated on such projects vary from one year to another and represent approximately 15% of consolidated sales at constant non-ferrous metal prices. The individual value of these contracts is often high and they contain penalty and liability clauses that could be triggered if a Group company does not comply with the delivery schedule and/or with quality requirements (for example, technical defects requiring major intervention after installation due to product non-conformity resulting from production anomalies). In 2015 Nexans received orders for two major high-voltage subsea power links, between Norway and Germany (Nordlink) and between Norway and the United Kingdom (NSN). These two megaprojects – which represent an aggregate 800 million euros worth of orders for Nexans and follow on from the Monita cable project linking Montenegro and Italy – illustrate the growing scale and complexity of the turnkey projects in which the Group is involved.

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

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

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

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

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

One example of the risks related to turnkey projects is a claim that was ongoing for a number years and which has now been settled in the Group's favor. In 2009, during the performance of a contract for high-voltage submarine cables, a ship operated by a Chinese subcontractor involved in the cable-laying process accidentally damaged a submarine optical fiber link owned by the Chinese army. The Chinese army then impounded the ship and would not allow the equipment on board – which belonged to a Group company

– to be unloaded. The subcontractor claimed the payment of invoices for the leasing costs of its equipment during the period when it was impounded by the Chinese army. Conversely, the Group company concerned claimed from the subcontractor compensation for losses caused by the accident (notably delays in the project) in an arbitration in Singapore. The arbitration tribunal ruled in favor of the Group company.

As at end-2015, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the accounts or specific disclosure as contingent liabilities.

Risk management

All major contracts entered into by the Group's operating subsidiaries are subject to a systematic risk-assessment procedure and all bids representing over 25 million euros for the high-voltage business and 5 million euros for other businesses are submitted to the Group Tender Review Committee. Particular focus is placed on ensuring that the Group's sales and technical teams are able to pinpoint the risks inherent in sales contracts and that they involve the Group's Legal Department in contractual negotiations. However, for certain contracts - notably in the transport sector - some customers will not agree to liability caps.

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

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

3.1.2.2. RISKS RELATED TO DEPENDENCE ON CUSTOMERS

The Group's activities span a broad range of businesses, encompassing cables for the infrastructure, building and industry markets for both energy and telecommunications purposes, and it has many different types of end-customer – including distributors, equipment manufacturers, industrial operators and public operators – in a wide variety of countries. This diversity helps to mitigate the risk of customer dependency at Group level and no customer accounted for more than 5% of consolidated sales in 2015.

However, in some countries, a customer may represent a significant portion of a particular production unit's business, and the loss of one such customer could have a significant impact on a local level, potentially leading to the closure of certain manufacturing lines.

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

Lastly, the demand for certain products depends on the economic environment of the related business sector, such as in the oil or mining industries. The recent falls in the price of oil and certain other commodities could have an impact on the operating environment in general, and on certain customer projects that have been targeted as prospects by Nexans.

3.1.2.3. RISKS RELATED TO RAW MATERIALS AND SUPPLIES

Copper, aluminum and plastics are the main raw materials used by the Group's operating companies, with copper and aluminum accounting for the vast majority of their raw material purchases. Therefore, price fluctuations and product availability have a direct effect on their business. A global shortage of raw materials, interruptions of supplies or the inability to obtain raw materials at commercially reasonable prices could have an adverse effect on the Group's earnings, even though it has diversified its sources of supply as much as possible in order to reduce these risks and has developed close – but non-exclusive – partnerships with certain key suppliers. The situation is to some extent similar for petroleum byproducts such as polyethylene, PVC and plasticizers. Certain suppliers of the petroleum by-products used in insulation or sheathing materials have indicated that there may be some shortages of supplies in 2016 which could prevent the delivery of certain products.

This partnership strategy was pursued and extended in 2015 and this will also be the case for 2016. In the event of price increases for supplies, the Group may not be able to pass them on in full to its customers.

The Group's policy is to have at least two suppliers for any raw material or component used in manufacturing its products. Programs launched in 2008 in conjunction with the Research & Development Department in order to reduce situations where the Group is dependent on a sole supplier have enabled it to make major headway in this area. Consequently, in 2015 it did not experience any raw materials shortages, despite the fact that sourcing was sometimes difficult as a result of the general economic environment.

Copper consumption in 2015 amounted to around 445,000 tonnes (excluding the approximately 83,000 tonnes processed on behalf of customers). To cover their main requirements, Group companies enter into annual contracts with various copper producers for the purchase of pre-determined amounts. The Group's aluminum consumption in 2015 totaled 113,000 tonnes.

Non-ferrous metal markets (copper, aluminum and lead) work on the basis of take or pay contracts. Group entities enter into these types of contracts and negotiate volume flexibility clauses to avoid the risk of oversupplies. In addition, in the event of exceptional market circumstances resulting in a significant decrease in volumes, any hypothetical surpluses purchased but not subsequently used can be traded on a regulated market, with a potential loss or gain arising on any ensuing differences in prices and premiums.

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

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

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

3.1.2.4. RISKS RELATED TO EXTERNAL GROWTH

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

Aside from the difficulties involved in carrying out acquisitions or forging partnerships under satisfactory conditions, the Group may encounter difficulties with integrating acquired companies or in realizing the full potential of partnerships (notably in terms of synergies). In turn, this can limit the benefits expected from such transactions or even lead the Group to withdraw from them. Moreover, the Group may have to assume costs or liabilities that were not revealed during the acquisition phase if they are not covered by sellers' warranties or if the seller refuses to assume them itself. Likewise, integrating new businesses and teams may prove difficult and/or give rise to higher costs than initially envisaged, especially when the transactions are carried out in countries whose legislation and business practices differ greatly from the conditions prevailing within the Group. For cases currently under way, see Note 30 to the consolidated financial statements.

The Group has put in place specific processes for controlling these transactions. In particular it has set up a Mergers and Acquisitions Committee which is responsible for examining and approving all acquisition and divestment projects as well as possible strategic alliances or partnerships (see section 3.2.3.3. Special Committees that help manage risk).

The Group is party to a certain number of joint venture agreements. These agreements can only work if the joint venturers have the same objectives, and there is always a risk that these objectives may diverge, leading to operational difficulties for the entities concerned.

3.1.2.5. GEOPOLITICAL RISKS

Certain high-growth regions are important for the Group's development but are exposed to major geopolitical risks. In 2015, some 11.5% of the Group's sales at current non-ferrous metal prices were generated in the MERA Area (Middle-East, Russia, Africa) and 4.8% in countries which are classified by the Group's credit insurer as having a very unsettled economic and political environment or representing a very high risk. The Group closely monitors its operations in countries exposed to geopolitical risks, such as Brazil, Ghana, Lebanon, Libya, Nigeria, Russia and Turkey.

In view of the underlying climate of economic crisis and public deficits that has prevailed over the past several years, governments are tending to introduce stricter tax laws in order to maximize their income from taxes and levies. Consequently, they sometimes take positions that could lead to legal disputes or double taxation of certain sums. This fiscal instability – which is often accompanied by fiscal uncertainty – exists not only in emerging markets but also in developed countries.

3.1.2.6. RISKS RELATED TO THE COMPETITIVE ENVIRONMENT OF THE GROUP'S OPERATING SUBSIDIARIES

The cable industry is still highly fragmented both regionally and internationally, and the cable, wire and cabling system markets are extremely competitive. The number and size of competitors of the Group's operating companies vary depending on the market, geographical area and product line concerned. Consequently, they have several competitors in each of their businesses. Furthermore, for some businesses and in certain regional markets, the main competitors of the Group's operating companies may have a stronger position or have access to greater know-how or resources.

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

OEM (Original Equipment Manufacturers) customers are shifting away from standardized products, and the Group's operating companies therefore have to constantly develop new products in order to accommodate increasingly demanding specifications. The principal competitive factors in the cable industry are cost, service, product quality and availability, innovation, geographical coverage and the range of products offered.

Furthermore, the activity of certain operating subsidiaries is strongly correlated with economic cycles and capital expenditure strategies, notably for companies working in the infrastructure sector and on major projects. Some markets are changing due to the evolution of energy policies in many countries worldwide.

Exchange rate fluctuations may also affect the competitiveness of certain subsidiaries in relation to their export markets or may render them more vulnerable to imports. This is notably the case for the Group's subsidiaries in Switzerland (CHF vs EUR), Norway (NOK vs EUR or GBP or USD), and Canada (CAD vs USD).

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

The Group's cost-reduction efforts can sometimes give rise to reorganization plans whose implementation involves risks both in terms of cost overruns and loss of market share.

3.1.2.7. RISKS RELATED TO TECHNOLOGIES USED

In order to remain competitive, the Group must anticipate technological advances when developing its own products and manufacturing processes. The growing demand for low-energy consumption, recyclable and less polluting products as well as value-for-money solutions requires the creation of innovative manufacturing processes, the use of new materials and the development of new wires and cables. Most of the markets in which the Group's operating subsidiaries are present tend to favor the use of highly technological products; it is therefore important that the Group undertakes fundamental research in its Research Centers into materials and procedures in order to have access to cutting-edge technologies. Any delay in identifying, developing and obtaining certification for new technologies could make it complicated for the Group to access specific market segments – and could even temporarily exclude it completely – particularly for segments with high added value and growth potential.

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

Moreover, despite the significant work conducted by the Group's Research & Development Department, and the ongoing monitoring of potentially competitive technologies, there is no guarantee that the technologies currently used by the Group's operating subsidiaries will not be subject to claims for alleged patent infringement. In the event of a patent infringement case, the Group could be compelled to stop using the technologies protected by the disputed intellectual property rights.

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

In 2012, Nexans Inc. initiated proceedings to invalidate a number of patents held by Belden for data network cables, and Belden lodged infringement lawsuits against Nexans Inc. The United States Patent and Trademark Office reviewed the patents concerned and declared that they were invalid. This decision was then upheld by the Federal Court of Appeal.

In 2013, a Group subsidiary received a claim alleging that the manufacture and sale of "top drive service loop" products infringed certain industrial property rights. The subsidiary refuted this claim. Since then, there has been no further contact with the holder of the industrial property rights concerned. 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. Although no lawsuit has been filed in connection with this alleged infringement of industrial property rights, it cannot be ruled out that such a lawsuit will be filed and that it will involve an amount higher than the compensation claimable from the third party.

3.1.2.8. INDUSTRIAL AND ENVIRONMENTAL RISKS

As the Group's operating companies carry out manufacturing activities they are exposed to the risk of damage to their production sites as well as major machinery breakdown incidents, which could lead to production stoppages and significant adverse consequences. Some of the Group's manufacturing sites are located in areas subject to natural disasters. For example, the Charleston plant in the United States is located close to a river and therefore has access to the sea. This means that the site is subject to environmental risks that had to be taken into account at the time of its construction.

The Group draws up systematic audit plans in conjunction with its property and casualty insurer with a view to preventing such risks but it is impossible to rule out all risks of production stoppages.

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

In view of the importance to the Group of the submarine high-voltage cables market, it needs a cable-laying vessel capable of performing installation contracts within the required timeframes. As there are very few of these vessels available worldwide, the Group has its own cable-laying vessel, the Skagerrak (owned through one of its Norwegian subsidiaries), which is one of the rare ships in the world specially designed to transport and lay submarine high-voltage cables over long distances and in deep waters.

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

In the majority of the countries where the Group operates, specific environmental permits or authorizations are required for manufacturing sites. Internal studies are carried out to ensure that the sites have sufficient resources to identify and track regulatory developments that concern them, as well as the financial resources to ensure regulatory compliance (see section 4.1. below entitled "Environmental approach and data", for a description of the Group's environmental management system). Regulatory monitoring is carried out either at country level or directly by the sites themselves.

In the United States, the Group's operating companies are subject to several federal and state environmental laws, under which certain categories of entity (as defined by law) can be held liable for the full amount of environmental clean-up costs, even if no fault against said entity is determined or even if the relevant operations comply with the applicable regulations. No Group companies are currently involved in any legal proceedings of this type but no guarantees can be given that no such proceedings will arise in the future which could negatively impact the Group.

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

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

At December 31, 2015, consolidated provisions for environmental risks amounted to approximately 9.2 million euros and mainly included amounts set aside for (i) clean-up costs for manufacturing sites (in Australia, Belgium and Italy) and (ii) a dispute with the purchasers of a plot of land and the local authorities in Duisburg, Germany concerning soil and groundwater pollution. These provisions also include amounts intended to cover clean-up costs or one-off soil cleaning operations - that are planned or in process - following the use of products such as solvents or oils.

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

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

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

3.1.2.9. RISKS RELATED TO TALENT LOSS AND REORGANIZATIONS

In order to limit the risks related to talent loss, the Group has put in place procedures, programs and specific measures with a view to fostering employee loyalty and building the skill sets required for the Group's development. See section 4.2. below entitled "Social approach and data", for further information.

With respect to reorganizations, the Group may negotiate restructuring plans whose final costs might exceed the related provisions initially set aside. Furthermore, although the restructuring plans implemented by the Group are carried out in compliance with the applicable laws and regulations the possibility of legal action taken by the employees affected by the plans cannot be ruled out. The total compensation claimed in this type of lawsuit can represent material amounts, especially when the restructuring concerns a site closure. Such lawsuits are currently in process in France and Italy, with the Italian lawsuit filed by former temporary workers.

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

3.1.2.10. ASBESTOS

The manufacturing processes used by the Group's various operating subsidiaries do not involve any handling of asbestos.

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

Several asbestos-related claims and lawsuits have been filed against the Group in France and abroad. At end-2015, approximately 60 people in France had been classified as suffering from an asbestos-related occupational illness, of whom several (fewer than ten) had filed lawsuits against their employers that are still in progress.

Also in France, a lawsuit has been filed against the Group and a claim lodged with the relevant authorities following the closure of a site. The plaintiffs in the lawsuit are seeking compensation for anxiety as a result of alleged exposure to asbestos. The Group does not currently believe that the final or foreseeable outcomes of these claims and lawsuits would have a material adverse effect on its earnings or financial position.

3.1.3. Financial risks

This section should be read in conjunction with Note 25 to the consolidated financial statements "Financial risks", which also sets out a sensitivity analysis for 2015.

Please also refer to Note 1.F.c to the consolidated financial statements as well as Note 6 "Net asset impairment", which sets out the assumptions used for the purpose of impairment testing.

Liquidity risks

The Group's main liquidity risks relate to:

- its obligation to repay or redeem its existing debt, primarily corresponding to (i) two issues of bonds maturing in 2017 and 2018, (ii) an issue of convertible bonds maturing in 2019 (which have early redemption options exercisable at the discretion of the bondholders on June 1, 2018), (iii) a trade receivables securitization program used by two subsidiaries, (iv) mezzanine financing and factoring programs and (v) to a lesser extent, short-term debt taken out by a number of the Group's subsidiaries;
- the Group's future financing requirements; and
- compliance with the financial ratios provided for in the syndicated loan agreement signed by the Group on December 14, 2015 (net debt to equity of less than 1.1:1 and net debt expressed as a multiple of EBITDA of less than 3).

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

Interest rate and foreign exchange risks

The Group structures its financing in such a way as to limit its exposure to interest rate risk. A sensitivity analysis concerning changes in interest rates is provided in Note 25.E to the consolidated financial statements.

The foreign exchange risk to which the Group is exposed is described in Note 25.C to the consolidated financial statements. Apart from in relation to non-ferrous metals transactions (see below), the Group considers its exposure to foreign exchange risk on operating cash flows to be limited for the Group as a whole, due to its underlying operational structure whereby most subsidiaries primarily operate in their domestic markets, with the main exception being export contracts in the high-voltage business. Currency hedges are set up by the Group in order for operating units' cash flows to remain denominated in their functional currency. A sensitivity analysis concerning fluctuations in the two main currencies that present a foreign exchange risk for the Group (the US dollar and the Norwegian krone) is provided in Note 25.E

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

Metal price risks

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

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

Credit and counterparty risk

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

- Customer credit risk relating to its trade receivables portfolio. The Group's diverse business and customer base and wide geographic reach are natural mitigating factors for customer credit risk. The Group also applies a proactive policy for managing and reducing its customer credit risk by means of a Group-wide credit management policy which was rolled out to Nexans' international subsidiaries in 2013. The Group has also set up a master credit insurance program for all of its subsidiaries, although a portion of its trade receivables in China, Morocco, Russia and Libya is not covered by this program. Credit risk has been heightened by the difficult market environment caused by the recent global economic and political crises, and the Group has experienced late and disputed payments from a number of customers. The situation in Brazil has particularly worsened, leading the Group to be increasingly prudent about its business development in this country. In China, where the economic environment has become tougher, the Group is striving to reduce its customer payment times. It is currently more difficult to obtain insurance coverage in Brazil, Greece, Morocco and Russia, which means that the Group's customer credit insurance is very limited in those countries. Lastly, despite divesting businesses in Egypt in 2014 and Argentina and Nigeria in 2015, the Group still has receivables there, whose recovery is uncertain due to the general economic context in the countries as well as the financial situations of the individual counterparties concerned.

The Group is also exposed to the risk of its customers terminating commercial contracts in advance of term, which could lead to (i) losses due to the liquidation of currency positions or purchases of non-ferrous metals no longer having a counterparty, or (ii) impairment losses on inventories of specific products.

- Counterparty risk arising from derivatives set up to hedge currency risks and non-ferrous metal price risks.
- Counterparty risk arising from deposits placed with financial institutions.

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

3.1.4. Insurance

The Group's Insurance Department has put in place master insurance programs since 2003, covering companies that are over 50%-owned and/or over which Group subsidiaries exercise managerial control. Local policies are issued in certain countries where there is an obligation to take out insurance, in order to remain compliant with Group policies. Newly-acquired entities are incorporated into the majority of these programs as soon as possible.

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

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

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

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

Property damage – business interruption

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

In certain geographic areas with a high risk of earthquakes, such as Greece, Turkey, Japan, Lebanon, Chile and Peru, or exposed to other natural risks such as high winds and flooding (United States), insurers will only provide limited coverage for natural disaster risks. These coverage limits are generally lower than the related exposure amounts and it is becoming increasingly difficult to obtain such coverage for a reasonable price.

As part of its risk management process, the Group has set up a specific capital expenditure program aimed at helping to prevent industrial risks. This program is designed in close collaboration between the Industrial Management Department, the Insurance Department and expert advisors from the Group's property insurer. These advisors regularly visit manufacturing sites, making targeted recommendations on how to improve risk prevention and health and safety procedures. The Industrial Management Department, in conjunction with the Insurance Department, subsequently monitor that the relevant recommendations are followed.

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

General policies cover the Group's entities for third-party liability claims incurred during the course of their business or as a result of the products they manufacture. Environmental, aeronautics and aerospace risks are covered by specific policies.

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

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

Transport

Transport risks that are covered by insurance concern supplies and deliveries for which the Group is responsible as well as transfers between sites, irrespective of the type of transport used.

Comprehensive construction insurance for laying land and submarine cables

Site work relating to the laying of both land and submarine cables is covered by two specific insurance programs tailored to the operations concerned. Whether or not such cable-laying work can be included in these two master programs depends on its specific nature and characteristics and it is sometimes necessary to set up separate policies, notably for very large contracts which exceed the coverage limits in the master programs. This was the case for example, for a project concerning a submarine cable between Montenegro and Italy, for which a specific insurance policy was set up in 2014. The after-delivery warranties requested by certain customers sometimes exceed the coverage periods available in the insurance market.

Coverage for the Group's cable-laying ship Skagerrak

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

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

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

Captive reinsurance entity

The Group has a captive reinsurance entity – Nexans Re – which has been operational since January 1, 2008 and is aimed at optimizing and managing the Group's risk retention strategy, as well as preventing and managing risks. It has reinsured the following recurring risks since 2008: property and casualty and business interruption risks, short-term credit risks, and transport risks. It operates on a program-by-program basis, with maximum coverage amounts per loss and a 3 million euro cumulative cap per insurance year.

3.2. Internal control and risk management procedures implemented at Nexans

3.2.1. Definitions, scope, objectives and limitations

Nexans' risk management infrastructure is designed to:

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

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

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

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

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

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

3.2.2. Control environment

3.2.2.1. CODE OF ETHICS AND BUSINESS CONDUCT

The Group's Code of Ethics and Business Conduct sets out the values, principles of behavior and rules of conduct with which employees are required to comply within the course of their work. It focuses on the principles of legal and regulatory compliance, fair business practices, transparent information, commitment to the environment, product safety and respect for diversity. All new employees receive a copy of the Code of Ethics and Business Conduct.

3.2.2.2. ETHICS COMPLIANCE PROGRAM

The purpose of the Ethics Compliance Program is to establish the actions to prevent, detect and handle breaches of ethics laws and regulations. Each year, a specific action plan is established and rolled out throughout the Group by management (and includes in particular the signing of Ethics Code compliance certificates by all Group managers, a training program, and the audit of the rollout of the program). The sales and purchasing teams are particularly made aware of competition rules.

3.2.2.3. PROCEDURES

The Group has established some 15 key procedures, issued by Executive Management, covering the main areas of ethics, governance and internal control (Code of Ethics, insider trading, competition rules, agent management, contract rules, rules relating to capital expenditure, etc.). Since 2010, the Group has implemented a procedure to limit the powers to make external commitments within entities and to establish a system for the delegation of power and signing authority.

In accordance with the Group's procedures, each subsidiary implements all the points set out in the Group's Internal Control Booklet. This manual presents principles and practical recommendations for the main areas of the internal control environment and the segregation of duties, and sets out the main internal controls to be implemented within the operating and financial processes based on the Reference Framework published by the French financial markets authority (AMF) in June 2010.

The Group also drew up an Accounting Manual based on the practices recommended by the Reference Framework published by the AMF. This manual is updated regularly by the Consolidation Department to take into account changes in accounting and reporting standards. In 2015, these manuals were supplemented by a list of 25 mandatory key controls covering the various processes within the Company. A standard matrix for the segregation of the main duties for the Group was also established for the risks identified as the highest.

In addition, several specific procedures developed by the Finance Department and that apply to all the Group's entities also contribute to risk management and accounting and financial internal control, particularly the procedures for treasury management, metals management, credit risk management and physical inventories. Particular attention is paid to the hedging of foreign exchange and commodity risks (e.g., copper and aluminum).

Finally, the Group's other functional departments implement procedures covering areas including communication, purchasing, information systems, quality, intellectual property, insurance, human resources and legal issues. Some of these procedures are then implemented in each country and within each entity.

3.2.2.4. DEPARTMENTS INVOLVED IN INTERNAL CONTROL AND RISK MANAGEMENT

Operational and functional managers

The entities' and the Group's business and functional managers, including the Management Board [1] and the Management Council [2], represent the first line in managing risks insofar as internal controls and risk management are incorporated into the systems and processes for which they are responsible.

The Group's Management defines the structures, the reporting relationships, as well as the powers and the appropriate responsibilities to achieve the goals of internal control and risk management. It organizes assessments – carried out by internal audit, by the Group Risk Management Department or by an independent third party – to ensure that the elements of internal control and risk management are in place and function

(1) Chaired by the Chief Executive Officer, the Management Board brings together the Senior Corporate Executive Vice President, in charge of International and Operations, the Senior Executive Vice President Europe, the Senior Executive Vice President High Voltage & Underwater Cable Business Group, the Chief Financial Officer and the Senior Corporate Vice President Human Resources. It is responsible for drawing up the Group's business strategy, allocating resources, and determining organizational structures.

(2) Chaired by the Chief Executive Officer, the Management Council brings together the members of the Management Board, the Group's main functional departments, as well as Executive Vice Presidents in charge of areas, business groups and market lines. Its role is to reflect on, debate and discuss the challenges facing the Group.

effectively. It ensures that the major risks identified are taken into account in the Group's management.

Through a cascading structure of responsibility, managers are responsible for assessing, overseeing and mitigating risks within their scope of responsibility. They are directly in charge of ensuring the day-to-day implementation and effectiveness of the internal control and risk management procedures established by the Group. They must put in place relevant oversight controls to identify internal control deficiencies and inadequate processes – particularly as regards the objectives and the procedures defined by the Group's Management, compliance with the Code of Ethics and Business Conduct, and with laws and regulations – as well as unexpected events or changes that could have a significant impact on the internal control system or their risk management. They are responsible for implementing appropriate corrective measures if issues are encountered with the internal control and risk management procedures.

The Risk Management and Security Department

The Group Risk Management and Security Department defines, deploys and coordinates the Risk Management processes and provides a consistent methodological framework. It ensures that risk management procedures are consistent with other strategies put in place by management. The Group's risk management process is set out in the "Nexans Risk Infrastructure Charter." In order to ensure consistency, the Risk Management Department handles insurance plans and optimizes the coverage of risks that have been analyzed.

Risk management by the operational and functional departments is regularly reviewed by the Management Board both through the quarterly management reviews of the various operating activities and through the committees dedicated to reviewing specific risks. The Group's Risk Management procedures are reviewed periodically by the Accounts and Audit Committee.

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

The Financial Processes and Internal Control Department

The Financial Processes and Internal Control Department defines, deploys and drives the internal control process throughout the Group. It works in close collaboration with the Risk and Security Management and Internal Audit Departments on a regular and consistent basis. It also communicates regularly with the Group's functional departments regarding controls over those processes that such departments oversee. The directional guidelines of the Group Internal Control system are set out in the "Nexans Risk Infrastructure Charter." These guidelines include a description of control activities for the various processes and focus on 25 key control points.

The Financial Processes and Internal Control Department manages the drafting and regular update of Group policies and tools designed to improve internal control. It provides assistance to the operational and functional departments with front-line responsibility over internal control. It participates on an ad hoc basis in reviewing existing internal control procedures and resolving internal control issues. It helps share good practices identified in the area of internal control, offers continuing education for those involved in internal control, and contributes to constantly improving procedures and fostering a strong internal control culture at Nexans. In 2015, the Financial Processes and Internal Control Department focused on developing ways to control conflicts in the segregation of duties and on key controls related to accounting processes. The role of the Financial Processes and Internal Control Department – as coordinator and leader of the internal control system – is relayed to the different levels of the organization by the finance managers of the areas and the countries. The internal control function's work is presented periodically to the Accounts and Audit Committee.

Developments of this organization are under consideration: the Internal Control Department's tasks may change between the Financial Processes and Internal Control Department and the Internal Audit Department.

The Internal Audit Department

In accordance with good corporate governance practices, the Internal Audit Department reports to the Chief Executive Officer. It has a dotted-line reporting relationship with the Finance Department.

The Internal Audit Department, whose responsibilities are set out in the Internal Audit Charter, helps the Group to achieve its objectives by systematically and methodically assessing the proper implementation and effectiveness of a set of internal control, risk management and corporate governance procedures and processes. It identifies weak points in these systems, makes proposals to improve their effectiveness and monitors the audit issues until they are resolved. The ongoing responsibilities of the Internal Audit Department include conducting financial audits and operational audits, implementing self-assessments using questionnaires to provide an overview of the level of maturity of a particular process within the Group, proposing corrective measures, and identifying and promoting best practices.

A four- to five-year audit plan is drawn up to audit all the Group's entities based, in particular, on the Group's risk mapping. The audit plan is updated annually. It is reviewed by the Management Board and the Accounts and Audit Committee. Audit assignments aim in particular to ensure that measures implemented by auditees are adequate based on the procedures and processes defined by the Group.

After each audit is conducted, the Internal Audit Department issues a report containing recommendations which are subject to a formal and systematic follow-up. In addition, the Internal Audit Department submits a summary of its work twice a year to the Accounts and Audit Committee, and once a year to the Board of Directors.

During 2015, audits assessing compliance with Group's procedures were conducted in certain subsidiaries in France and abroad. A number of specific audit engagements were also carried out, notably in relation to monitoring the implementation of the Ethics Compliance Program and overseeing capital expenditure in liaison with the Industrial Management Department.

The Ethics Officer

The Group has a reporting management procedure for issues related to the Code of Ethics and Business Conduct. An Ethics Officer was thus appointed to manage the handling of any ethics-related issues reported, ensure that any issues are verified and that appropriate decisions are taken and corrective measures are put in place if necessary. The Ethics Officer reports directly to the General Secretary and has a dotted-line reporting relationship with the Chief Executive Officer. He reports the cases handled at least once a year to the Accounts and Audit Committee.

Compliance Program Manager

The Ethics Compliance Program Manager establishes the actions to prevent, detect and handle breaches of ethics laws and regulations, and supports the functional and operational managers in implementing the Ethics Compliance Program throughout the Group.

The Ethics Compliance Program Manager works under the supervision of the General Secretary and also has a dotted-line reporting relationship with the Chief Executive Officer. He reports on his work to the Accounts and Audit Committee at least once a year.

Functional departments

Functional departments (HR, legal, finance, etc.) provide — at Group, area and country level — the framework for internal control in their area of expertise and help implement it when controls are integrated into operations carried out by business/frontline teams. In particular, support functions design the internal control policies and procedures that fall within their expertise, help analyze operational risks and monitor and keep the organization informed of changes to laws and regulations.

In addition, the Group's functional departments and their correspondents at the different levels within the organization are responsible for ensuring, for their area of expertise, that the first line of defense regarding risk management is properly designed, in place, and functioning as expected.

The Group's functional departments thus contribute to the overall internal control and risk management process by providing the cross-business approach required in order for the Group to function effectively.

- The Finance Department includes six corporate Departments: the Group Control Department, which is made up of the Financial Processes and Internal Control Department presented above, and the Financial Control Department, the Consolidation Department, the Treasury and Financing Department, the Non-Ferrous Metals Management Department, the Tax Department and the Financial Transactions Department including the Financial Communication Department. The latter ensures legibility and relevance of financial information provided to market.
  These six functional Departments play a key role in the internal control and risk management systems, particularly through the guidelines and procedures that they establish, their monitoring of accounting and financial requirements, the analyses and controls, that they perform on the financial statements and other financial reporting information from the units and the management of risks of metal prices and exchange rates.
  In Europe, the Finance Departments in each country report to the Financial Processes and Internal Control Department, while maintaining a dotted-line relationship with the Country Manager.
  Outside Europe, the Finance Departments report to the Country Manager and have a dotted-line reporting relationship with the Group Finance Department, thereby seeking to ensure satisfactory coordination and processing of financial information.

- The **Legal Department** reports to the General Secretary's Department, as does the Risk Management and Security Department. The Legal Department defines the Group's legal policy and offers legal support to the Group's activities.

- The **Strategy and TPO Department** is responsible for guiding the definition and implementation of the Group's strategic priorities. Its role particularly includes driving and facilitating the strategic plan process, monitoring its implementation and risks related to carrying out the strategic plan, and identifying opportunities for growth.

- The **Purchasing Department** is responsible for selecting suppliers that provide materials, equipment and services required for the Group to function smoothly. The responsibilities of the Group's Purchasing Department include selecting suppliers as well as negotiating and drawing up contracts, and monitoring and assessing each supplier. It oversees the purchasing process for the Group as a whole and defines and verifies the implementation of Group purchasing methods and procedures.

- The **Industrial Management Department** assists the Group's geographic areas in industrial matters and oversees industrial strategy, capital expenditure budgets, and the Area and country level Industrial Management Departments, which are responsible for the performance of Nexans' manufacturing plants. The Industrial Management Department is also closely involved in managing Nexans' industrial equipment, managing and monitoring capital expenditure and industrial projects, and assessing any new manufacturing tools and processes. It is involved in the industrial risk prevention policy through its Safety & Environment units, and by working with the Senior Corporate Vice President, Insurance, and the risk prevention engineering and consulting service of the "property damage and business interruption" insurer.

- The **Human Resources Department** is in charge of defining and coordinating the Group's Human Resources policies and handles relations with employee representatives at the European level. It is also tasked with coordinating the international network of Human Resources Directors.

- The **Information Systems Department** is responsible for defining the Group's IT policy and overseeing its implementation. It helps protect the Group's information, particularly through initiatives involving information system security.

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

3.2.3. Risk management

The Group has put in place risk management procedures to identify and manage the risks related to its activities. Such risk may affect people, the environment, the Group's assets, its reputation, or even prevent the Group from reaching its objectives. These procedures enable the Group to understand the risks to which it is exposed and to better control these risks so that it can deploy its strategy properly.

The Group's risk management procedures are a key part of its governance. They are implemented by operational staff, organized by the Risk Management and Security Department and monitored by the Management Board and the Management Council. In accordance with law, the Accounts and Audit Committee monitors the effectiveness of risk control systems.

The risk management procedures provide a systematic approach to identify, assess, prioritize and deal with the main risks to which the Group is exposed, and to monitor risk exposure over time. These procedures help operational staff understand and take account of risk in their day-to-day management, and ensure that relevant coverage plans, controls and monitoring procedures are put in place – in line with the levels of risk appetite set out by the Group.

Risk management at Nexans also involves various Committees (described below) and draws on specific procedures (see section 3.2.2.3. above).

3.2.3.1. PROCESS AND RISK MAPPING

The risk management process is a continuous improvement drive that goes from defining the strategy all the way to implementing it. It covers all the risks related to the Group's past, present and future activities.

It must help each entity to better manage its objectives and ensure that it continues to add value to the Group. It enables managers to make more reliable decisions at every level and have a clear picture of the risks related to their activities.

The ongoing risk identification process draws on targeted risk mapping procedures for major risks, both at entity and Group level.

Entities, and/or countries, and/or activities, and the functional departments work with the Group Risk Management and Security Department to develop a risk map for each of their activities. Risk mapping is performed systematically in particular when the Group's three-year strategic plans are drawn up. Specific risk maps are also developed as needed.

A Group risk mapping process is performed at least every two years, and was last performed in 2015. The aim of this process is to identify risks and areas of risk brought to attention by the Group's Executive Management, contextualize the related risk control measures already put in place and evaluate the potential impact of these risks on the Group's financial position and reputation. The risk map is used as a basis for preparing the Group's annual audit plan and workshops for monitoring and handling major risks coordinated by the Risk Management and Security Department.

3.2.3.2. WORKSHOPS FOR MONITORING AND HANDLING MAJOR RISKS

On a regular basis, the Group organizes workshops bringing together operational staff and members of functional departments to analyze the Group's main identified risks through risk mapping so that procedures and processes could be improved.

The purpose of these workshops – which are coordinated by the Group Risk Management Department – is to propose solutions to remedy the risks or limit the impact of the main risks that have been identified. The summary report of the activity of these workshops and their recommendations is monitored by the Management Council. For example, in 2014 the work conducted during one of these workshops led to overhauling the procedure for making decisions about significant investments. Similarly, in 2015, a workshop assessed and monitored the risk for the Group of Greece exiting the Euro zone.

Ad hoc risk management initiatives are also organized. On June 16, 2015, a Safety Day was organized at all Nexans sites to help all Group employees better understand safety issues and take them into account. A member of management was present at each site for the Safety Day. Furthermore, the travel policy was reviewed in 2015 to better control and assist with business travel and trips in high-risk areas. The Group also created a Charter defining its organization for risk management and control.

3.2.3.3. SPECIAL COMMITTEES THAT HELP MANAGE RISK

The Group has set up several committees that help identify and/or monitor the main risks.

- The **Disclosure Committee** comprises the General Secretary and General Counsel, the Chief Financial Officer, the Head of Management Control, the Head of Consolidation, as well as the Corporate and Securities Counsel, the Head of Internal Audit, the Head of Risk Management and Security, the Head of Internal Control, the Head of Tax and the Area Controllers. The Committee's role is to help identify the main risks surrounding the Group's businesses based on responses provided from the subsidiaries as part of the Group-wide reporting procedure, including in terms of contracts and disputes, to assess their materiality and ensure that risks are communicated properly outside the Group.

- The **Tender Review Committee** reviews the commercial, legal, financial, and technical terms and conditions of all bids in excess of 5 million euros and 25 million euros for the High Voltage business. This Committee is chaired by the Chief Executive Officer (when a bid exceeds 50 million euros) and comprises the Senior Corporate Executive Vice President, the Executive Vice President of the Area concerned, as well as the General Secretary and General Counsel, the Chief Financial Officer and the Head of Group Risk Management and Security.

- The **Mergers & Acquisitions Committee** reviews and approves (provided that the Board approves projects with a unit value higher than 50 million euros) any potential business acquisition or divestment projects, or possible strategic alliances or partnerships. This Committee is chaired by the Chief Executive Officer and its other members are the Senior Corporate Executive Vice President, the General Secretary and General Counsel, the Chief Financial Officer, the Head of Tax, the Head of Financial Transactions, the Head of Strategy and TPO, and the Executive Vice Presidents of the Areas concerned by the project.

- The **CSR Committee** monitors the Group's various CSR initiatives and sets out its sustainable development policies. The Corporate Social Responsibility Committee is chaired by the Chief Executive Officer and is assisted by two specialized committees, the Governance and Social Affairs Committee and the Environment and Products Committee[1].

Other Committees help manage specific risks. The Careers Committee is dedicated to monitoring the career paths of the Group's key senior managers, while the IS /IT Oversight Committee (IT infrastructure and Information Systems) proposes an IT policy for the Group and oversees its rollout.

3.2.3.4. SPECIFIC PROCEDURES THAT HELP MANAGE CERTAIN RISKS

Rules specific to the management of risks related to non-ferrous metals

In view of the importance of non-ferrous metals (copper, aluminum) to Nexans' various businesses and the risks associated with price fluctuations, Nexans has implemented specific procedures for managing non-ferrous metals, which is overseen by a team reporting to the Group Finance Department (see **Note 25.C** to the consolidated financial statements).

The Non-Ferrous Metals Management Department defines policies and provides support and technical advice to the Group's entities to hedge its metal needs. It also centralizes and manages the use of derivatives on organized markets for the majority of the Group's business units.

Centralized cash management

The Treasury and Financing Department (Nexans Services) sets out the treasury and financing policies of the subsidiaries and provides support and advice to the entities to help them manage their foreign exchange risk. It helps set up the Group's financing plans (see **Note 25** to the consolidated financial statements) and, for the subsidiaries that allow this kind of organization, pools their resources and financing needs, and performs foreign exchange hedging and makes payments in foreign currencies for these entities.

Crisis management

A Crisis Management and Communication procedure, which is available to all Group employees, was released in September 2012 and is updated on a regular basis. A procedure also sets out the rules for how the Group Crisis Management unit operates. Group crisis simulation exercises were organized in 2007, 2009 and 2012.

(1) See chapter 4 of the 2015 Registration Document for a description of the organization of the Sustainable Development/CSR function.

3.2.4. Preparation and processing of financial and accounting information

Control activities are based on a financial and accounting reporting system and a set of internal control procedures.

3.2.4.1. PROCESS FOR THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

Financial and accounting information is generated in consolidated form as follows.

All information relating to summary financial statements is obtained from the accounting systems of the legal entities, whose accounts are kept according to local accounting principles and then restated in accordance with the accounting principles and methods applied by Nexans to prepare the consolidated financial statements, which are drawn up in accordance with IFRS pursuant to EC Regulation 1606/2002. The Group's entire financial and accounting reporting process is structured around the Hyperion System.

The breakdown by market line is based on the information from the internal reporting system. These statements are prepared according to standard accounting principles defined in numerous procedures. In particular, to ensure the consistency of the information produced, Nexans has an accounting manual which is used by all Group units and defines each line in the income statement and the statement of financial position by function for the unit and for the market lines within the unit.

Based on the Group's three-year Strategic Plan, which sets out the main strategic and financial directional guidelines, each unit establishes an annual budget by market line in the last quarter of every year. The budget is discussed by both local and area Management and is submitted to the Group's Management Board for final approval. The Group's budget is presented each year to the Board of Directors. It is then broken down into monthly figures.

Each month, the units prepare a report broken down by market line, the results of which are analyzed by Management as part of the quarterly business review. The figures are compared with the budget, with new year-end forecast data and with actual data for the previous year. The consolidated results by area and by market line are analyzed with the Group's management at area meetings.

A consolidated accounts closing procedure is carried out on a quarterly basis and a specific procedure is applied at the end of each half-year to review and analyze the financial statements. This specific half-year procedure involves meetings which are attended by the Group Finance Department, the Finance Departments from the countries of the Group's main operating subsidiaries and the financial controllers for the areas concerned. These meetings also provide an opportunity to review the various main points to be considered for the upcoming close.

Any off-balance sheet commitments are reviewed by the Consolidation Department based on information provided by the business units, the Treasury and Non-Ferrous Metals Management Departments, and the Group General Secretary's Department. This information is set out in the Notes to the Group's consolidated financial statements.

Lastly, the Group has set up a half-yearly procedure whereby the Chief Executive Officers and Chief Financial Officers of all Nexans' subsidiaries sign internal representation letters giving – for the scope for which they are responsible – a written commitment concerning the quality and completeness of the financial information reported to the Group departments and concerning the existence of adequate internal control procedures that are effectively implemented.

3.2.4.2. MAIN INTERNAL CONTROL PROCEDURES FOR FINANCIAL AND ACCOUNTING INFORMATION

The Group's Finance Department keeps the Group Accounting Manual, the Internal Control Booklet and the list of 25 mandatory key controls, presented above, up-to-date. If has also drawn up procedures for the main areas that fall within its purview, particularly procedures for reporting, treasury, metals management, credit risk management and physical inventories. The Group's Finance Department also seeks to ensure at all times that there are clear procedures to deal with sensitive issues or financial risk factors identified (described in the Management Report) that are specific to the Nexans Group's business and could have an impact on its assets or earnings.
This is the case, for example, with the management of risks associated with exchange rates, interest rates, and the fluctuation of non ferrous metal prices, for which specific reporting procedures are in place at business unit level.

These risks are controlled and analyzed by both the Treasury and Financing Department and the Non-Ferrous Metals Management Department.

The Internal Audit Department performs controls to ensure that adequate internal controls are in place and function effectively and that Group procedures are complied with.

3.2.5. Oversight of internal control

As a result of the powers conferred upon it by law and by the Board of Directors' Internal Regulations, the Accounts and Audit Committee monitors the process for preparing the financial information and the effectiveness of internal control and risk management systems. Each year, the internal audit plan is reviewed by the Accounts and Audit Committee and the Committee is given a presentation on the main conclusions every six months. The Board of Directors contributes to monitoring internal control through the work and reports of the Accounts and Audit Committee.

The Internal Audit Department contributes to overseeing the internal control system through the assignments it performs and the reports it draws up, as well as by monitoring the implementation of recommendations issued.

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

3.3. Statutory Auditor's Report,

prepared in accordance with article l.225-235 of the French Commercial Code on the Report prepared by the Chairman of the Board of Directors of Nexans

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Nexans, and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.
These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

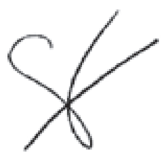
OTHER INFORMATION

We attest that the Chairman's report sets out the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, March 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle



Mazars
Isabelle Sapet

4 Corporate Societal Responsability

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

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

- **Governance and Social Affairs Committee:** Governance, ethics and business conduct, responsible purchasing, workplace safety, labor relations, corporate sponsorship projects and community relations.
- **Environment and Products Committee:** On-site environmental management, soil testing, new product innovation and development, life-cycle assessment and eco-declarations, and sustainable products and solutions.

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

Ethics and business conduct

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

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

Independent data verification

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

(1) CSR: Corporate Social Responsibility.

4.1. Environmental approach and data

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

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

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

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

Environmental evaluation and certification

In line with ISO 14001 (73% of the Group's sites are ISO 14001 certified), the environmental risk management system – which is overseen by the Group HSE[1] Department – is underpinned by close monitoring of all sites through an annual environmental assessment process coupled with an audit program under which the Group's sites are systematically audited by the HSE Department.

In 2015, the HSE Department audited 17 sites, of which 14 were awarded the Group's internal HPE certificate or reapproved for HPE certification. The aim of these audits is to ensure that the Group's standards are being properly applied at each of the sites and, if appropriate, to award them the HPE certificate, for which a site is required to (i) systematically review all risks inherent in its operations and the risk prevention measures in place; (ii) recycle at least 50% of cooling water; (iii) control the quality of its effluents; (iv) ensure that it does not store any hazardous liquids without adequate safety precautions; (v) no longer hold any PCBs[2] on site; and (vi) operate a waste sorting policy and an environmental crisis management plan.

At end-2015 the majority of the Group's sites had been awarded the HPE certificate and almost all of its production sites were at least either ISO 14001 or HPE-certified.

Most of our production sites in France comply with ICPE[3] regulations. These sites are required to monitor and report on areas which mainly include waste management, noise pollution, water and soil pollution and greenhouse gas emissions. The information reported is included in the consolidated Group data below.

ICPE sites are closely monitored to ensure they meet all regulatory requirements.

Providing training and information to employees on environmental protection

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

The regular audits performed by the Industrial Management Department also raise awareness about our environmental management strategy among production site teams.
In 2015 the Group continued to roll out its training program for production site managers. The program comprises some 30 modules (12 days' training), including one on environmental management, one on CSR, and one on relations with stakeholders.

In all, 104 site managers have received training since the program was launched. In 2015, two new different training groups were created for 25 site managers.

(1) HSE: Health, Safety and Environment.
(2) PCBs: Polychlorinated biphenyls.
(3) Installations classified for the protection of the environment.

The Group also offers its employees training in other specific areas, such as REACh[1].

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

Resources allocated to preventing environmental risks and pollution

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

Asbestos: The Group's environmental policy provides for continuous monitoring of asbestos at its operational sites. Fifty-five of the 59 sites concerned have carried out asbestos surveys on their buildings and equipment. These surveys – which are updated annually for all manufacturing sites – provide a precise inventory of any materials still present in buildings or equipment that contain bonded asbestos (i.e., not likely to release fibers into the atmosphere). Where risk areas are identified, specific instructions are provided to anyone who may be required to work in those areas in order to ensure that all necessary protective measures are taken and respected.
The Group uses non asbestos-containing materials in its buildings (leased or owned) and in the equipment it uses worldwide (including in countries where asbestos is authorized).

Environmental expenditure and investments

In 2015, environment-related expenditure amounted to 4.7 million euros (versus 4.4 million euros in 2014) and mainly concerned the following items: environmental taxes (e.g., water tax), maintenance (purchase of filters, for example), analyses and tests, royalties and licenses, and external environmental services. The Group continued to invest in environmental initiatives within its plants through awareness and the rollout of its environmental program launched the previous years. A total of 2.9 million euros worth of environment-related investments were approved for 2015 (versus 5.5 million euros in 2014). Other expenses may be incurred for the clean-up of closed sites and sites earmarked for sale, but the Group expects the related amounts to be less than the market value of the sites in question.

Provisions for environmental risks

See section 3.1.2.8. "Industrial and environmental risks".

(1) REACh: EU Directive on the Registration, Evaluation, Authorization and Restriction of Chemicals.

4.1.1. Pollution and waste management

4.1.1.1. ENVIRONMENTAL IMPACT

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

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

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

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

Compound production: The production of compounds (such as PVC, rubber and HFFR[1]) – which are used as raw materials for insulating cables – requires the use of certain products that are potential pollutants (peroxide, silane and plasticizing agents) and which require the 20 sites concerned to take particular precautions for their storage, transport and utilization in accordance with the relevant regulations in force in each country (e.g., ventilation of premises, storage with adequate containment facilities and the use of spill pallets for on-site transportation).

Discharges into water: In order to mitigate the risk of an accidental spillage into water networks which could pollute surface water or public facilities, certain specific measures are taken by the Group's sites, including the installation of network valves that could stop the spread of a major spill or prevent discharge of water used to extinguish fires. A total of 34 sites have already been equipped with this type of valve.

Discharges into the soil: The Group's sites are subject to the risk of causing gradual or accidental pollution as they store hazardous products. In order to mitigate such risk, the Group is taking steps to prohibit certain practices, such as product storage without the use of containment tanks and the use of unprotected underground storage tanks. In 2015, the Group's manufacturing companies continued monitoring and ensuring the safety of pollutant liquids in storage. Each site has emergency intervention kits that can be used in the event of a spillage. Concerning Persistent Organic Pollutants (POPs), a program to replace equipment containing PCBs has been put in place for the Group's manufacturing companies. By the end of 2015, most of the Group's sites no longer had any equipment containing PCBs.

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

Air emissions: The operations carried out by the Group's manufacturing companies do not usually generate emissions of atmospheric pollutants. Industrial pollutants caused by burning fossil fuels (SOx and NOx) are channeled and treated by filters where necessary, notably in casting operations.
Emissions of Volatile Organic Compounds (VOCs) are limited as the Group only uses a low amount of solvents (occasional use of inks). In general, the Group considers that its emissions of atmospheric pollutants do not represent significant amounts and has therefore not set up a Group-wide reporting process for them.

(1) HFFR: Halogen-Free Flame Retardant.

The Group is aware that SF_6 is a potent greenhouse gas with an extremely long atmospheric lifetime and has joined other manufacturing groups in Switzerland to reduce its SF_6 emissions.

4.1.1.2. WASTE MANAGEMENT

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

- Reducing waste: production waste is monitored monthly by each individual site and the Group Industrial Management Department. In 2015, the proportion of production waste per tonne of cable produced was 4.7%;
- Increasing our waste recycling rate.

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

Processing and recycling: The Group is highly committed to recycling its manufacturing waste, notably through RecyCâbles, a company in which it owns a 36% interest.
In 2015, it sent 10,203 tonnes of cable waste (10,593 tonnes in 2014) from its manufacturing sites to RecyCâbles for recycling (8,320 tonnes of copper cable and 1,883 tonnes of aluminum cable versus 8,836 tonnes and 1,757 tonnes respectively in 2014), and additional cable waste was sent to local recyclers.

By sorting factory waste and recycling cable waste, most of the Group's waste – including wood, paper, cardboard, ferrous metals, machine oil, batteries, and special waste – is re-used in some way. In 2015, one of our factories in Morocco invested in a cable recycling line and a purge grinder for in-process production waste recovery.

4.1.1.3. NOISE AND OTHER TYPES OF POLLUTION

Noise pollution: Noise pollution is also an area that the Group takes care to address. For example, it is one of the criteria taken into account when purchasing manufacturing equipment. Machinery and equipment, including those used for transportation and handling, can also emit noise and we take precautions to limit their noise impact through measures such as providing special training sessions and personal protective equipment for operators. Sound levels are checked regularly and measured at site perimeters when applying for operating permits from the local authorities in the light of applicable regulations. The few sites whose activities could give rise to noise pollution have adopted appropriate solutions such as reducing noise at source thanks to quieter equipment, covering machines with soundproof enclosures, installing noise barriers, and setting specific times for noise-generating activities.
If, despite all of these measures, any case of noise pollution were brought to the Group's attention, it would take all possible steps to reduce it through appropriate corrective measures.

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

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

4.1.2. Sustainable use of resources

4.1.2.1. WATER CONSUMPTION

A large amount of water is used for cooling operations in the cable manufacturing process. In order to limit the environmental impact of this water consumption, the Group has invested in closed-loop cooling systems. To date, out of the 71 sites that use water for cooling, 62 have a recycling rate of over 75%.
For information purposes, the total water consumed per tonne of cable produced in our cable manufacturing operations is 2.28 cu.m (versus 2.54 cu.m in 2014).
As water management forms part of our continuous improvement process, the sites with the highest water consumption are individually monitored and specific action plans have been put in place. In 2015, one of the sites with the highest water consumption in Norway invested in new equipment to recycle its cooling water, which reduced its water consumption by nearly 30%.

Certain sites, particularly in Brazil, may be subject to operating risks due to potential disruptions in water and electricity supply (see 3.1.2.8., "Industrial and environmental risks").

4.1.2.2. UTILIZATION OF RAW MATERIALS

The Group's manufacturing companies are taking measures to increase the portion of recycled copper used in their cables. In 2015, around 22,699 tonnes of copper waste (19,285 in 2014) were used in the Group's continuous casting operations in Montreal, Canada and Lens, France.

The Group has also taken the initiative to reduce the impact of packaging, notably for cable drums. In line with this, the majority of cable drum supplies for our European sites are PEFC certified, which guarantees that the wood is sourced from sustainably managed forests.

4.1.2.3. ENERGY CONSUMPTION AND EFFICIENCY

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

Regulatory energy audits were performed at the European sites concerned.

Over 34% of the Group's environment-related investments in 2015 focused on making equipment and production lines more energy efficient, for example by replacing air compressors or cooling towers or installing highly energy-efficient motors.

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

Note, for example, that the Cortaillod, Switzerland site has installed solar panels, the Suzhou, China site has put in a solar heating system, and the Buizingen, Belgium site is currently installing a wind turbine.

4.1.2.4. LAND USE

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

Regarding discharges into the soil, see section 4.1.1.1., "Environmental impact" – Discharges into the soil.

4.1.3. Climate change

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

The main source of direct GHG emissions within the Group is energy consumption. Improving energy efficiency is therefore its priority in reducing the impact of the Group's operations on climate change. In an example that illustrates this, our Belgian sites have all signed regional industry-level agreements that set targets for reducing GHG emissions.

Every year the Group's property insurer visits our production sites to assess our risks, including risks related to climate change (see section 3.1.4. "Insurance – Property damage – business interruption").

4.1.4. Conserving biodiversity

The Group's manufacturing operations only have a limited impact on biodiversity. Nevertheless, certain sites have put in place biodiversity conservation initiatives. The site in Paillart, France teamed up with the regional chapter of the Bird Protection League (*Ligue pour la Protection des Oiseaux de l'Oise*) to protect 16 swallow nests on its grounds.

4.1.5. Data compilation methodology for environmental indicators

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

The information disclosed in section 4.1. above is based on environmental data collected annually, by entity, through an internal data collection system (EMP – Environmental Management Plan), as well as discussions with teams during site visits and internal audits.

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

If an indicator has already been officially published (Management Report), it will not be amended after the fact in subsequent publications (comparison table). However, a footnote will be added for the indicator showing the change and the reason for it.

Scope: The scope of consolidation for the environmental data covers all of the Group's manufacturing sites (90 sites) and covers companies that are over 50%-held by the Company, either directly or indirectly. Sites acquired in year Y are included in the scope of environmental reporting in year Y+1. Administrative and logistics sites are not included in the scope of consolidation as their environmental impact is not significant. It is for these reasons that data for the Sidi Abdelhamid (Tunisia) site have not been included in the scope of consolidation for environmental data in 2015. Where information is provided on resource consumption per tonne of cable produced, the scope is limited to the Group's cable entities (excluding harnesses, accessories and metallurgy), corresponding to 55 sites.

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

Definitions of key indicators used:

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

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

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

Controls: Consistency controls are performed by entities when data are entered and by the Group at the end of the data collection process. Any inconsistency in data are discussed with the entities concerned, and corrected as necessary.

4.2. Social approach and data

4.2.1. Human resources strategy

The Group's Human Resources (HR) policy, which is consistent with its business strategy, focuses on the following main objectives:

- Participating in initiatives to make Nexans more competitive by creating and implementing more efficient and effective organizational structures;
- Contributing to the Group's leadership on its markets by selecting and attracting managers and executives and developing their talent;
- Offering Group employees a promising career path, development and compensation;
- Guaranteeing and engaging in open, collaborative and continuous social dialogue in strict compliance with all applicable regulations and agreements;
- Promoting the occupational safety and well-being of all employees through long-term initiatives and programs.

In 2015, the following achievements were made in application of these overarching objectives:

- Following on from the Group's international opinion survey poll in 2014, a global feedback analysis and sharing program was initiated at the different Nexans entities. This program aims to define and carry out specific action plans to address the concerns expressed by Group employees.

- The definition and implementation of a new Group-wide system, initiated in late 2014 to monitor manager performance, was completed in 2015. Covering goals management, managerial skills assessment and individual development plans, this program now applies to over 4,000 employees throughout the Group.

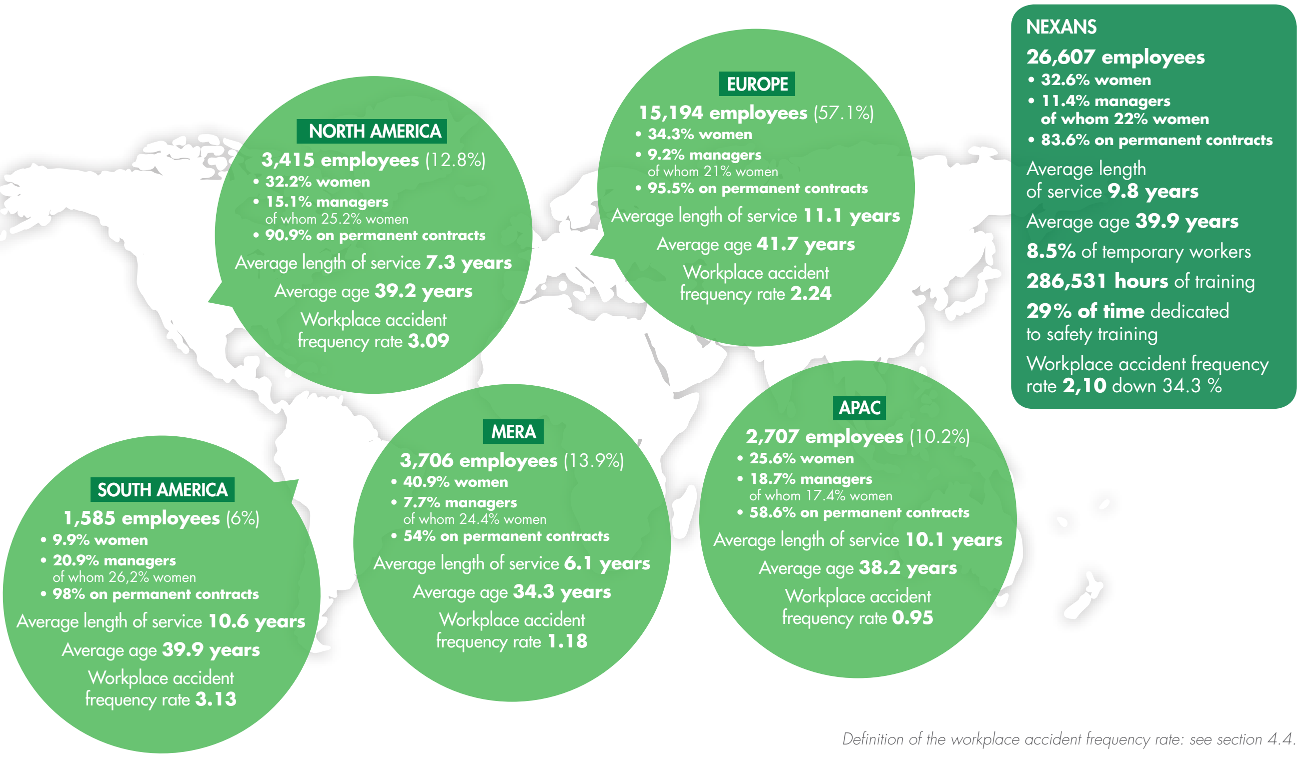
- The Group continued to build its global HR IT system, which it has been developing since 2013 and expects to complete in 2018. This solution is designed to protect and facilitate HR reporting, support the rollout of its main Group-wide HR management processes (performance, talent, training, recruitment and compensation) and give managers and their staff more autonomy.

- The Group deployed or strengthened corporate communities, which aim to provide employees and managers in some of its key businesses with greater visibility within the Group, career prospects, recognition and development potential (such as the TESLA program for the Research and Development division).

- The efforts made in 2014 (Finance and IT) to shift the Group's corporate functions toward a more vertical structure, in order to improve their efficiency and help make the Group more competitive, continued in 2015 (Purchasing).

- Ongoing support was provided for all the different restructuring plans carried out within several Group entities through the communication and implementation phases.

4.2.2. International employee data



Definition of the workplace accident frequency rate: see section 4.4.

At December 31, 2015, the Group's 26,607 employees broke down as follows:

- its international scope: 88.5% of the Group's employees work outside France and 42.9% work outside Europe;
- a substantial proportion of headcount (11.4%) made up of executives, engineers or equivalent;
- the proportion of women within the Group (32.6%); and
- a high proportion of employees on permanent contracts (83.6%) and in full-time employment (98%, including both permanent and fixed-term contracts).

4.2.1.1. MOVEMENTS DURING THE YEAR

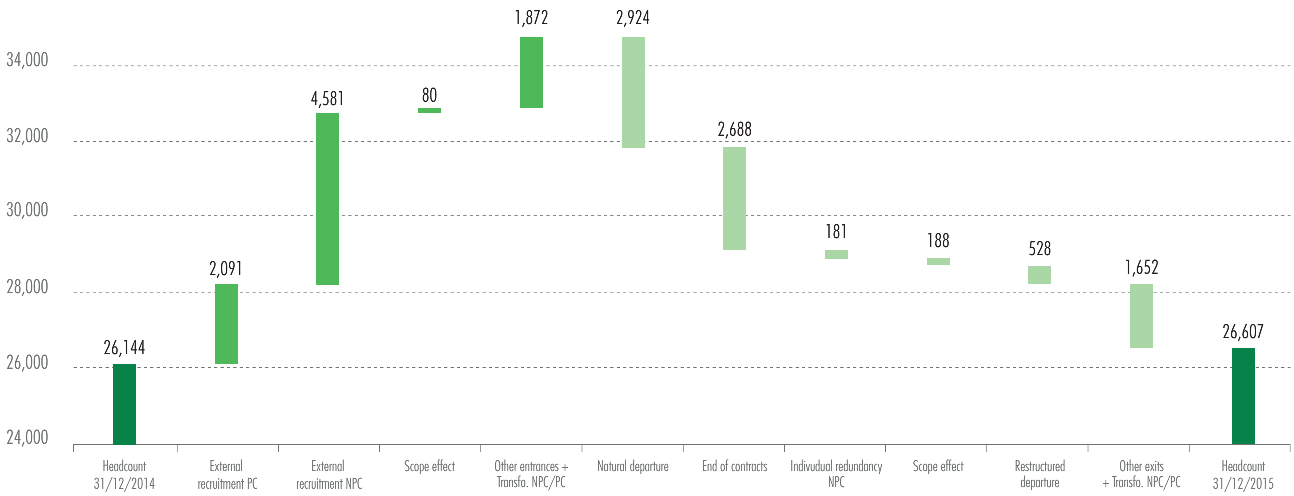
The information on headcount disclosed in the following tables covers all employees present within the Group at December 31, 2015.

Total headcount rose by 1.8% in 2015 to 26,607 from 26,144 in 2014, for an additional 463 employees. This increase in headcount is mainly due to the growth in the Harness business. Staff numbers in this business have risen steadily since 2014, especially in Ukraine, Tunisia, Mexico and the United States. Two new entities were opened in China and Bulgaria. Meanwhile, the European Cables business was heavily restructured. In South America, the Group sold its Argentine subsidiary in November 2015.

The number of employees on permanent contracts accounts for 83.6% of the Group's headcount. The breakdown between permanent and fixed-term contracts for new hires during the year varied across the Group, however, as a result of the specific characteristics of each business. For example, for 2015, in the Cables business, Nexans hired 779 employees on permanent contracts and 660 employees on fixed-term contracts, whereas in the Harness business, fixed-term recruitments represented almost 74.8% of total hires owing to this business's seasonal nature. Although the proportion of employees hired on fixed-term contracts was fairly high, over the year 1,592 fixed-term contracts were converted into permanent contracts (with 84.3% of conversions occurring in the Harness business).

Fixed-term contracts are used to give the Group the flexibility it needs to deal with changes in production workloads. In the Cables business, China (52.2%), Morocco (11.9%) and Germany (9.8%) accounted for the largest proportion of fixed-term contracts in 2015.

In China, the Shanghai site will be relocated to Suzhou in September 2016. To prepare for the opening of the new plant, hiring began in August 2015. Recruitment has primarily involved operators, as an estimated 170 new employees will be needed in this field. Newly hired operators receive between three and six months of training. Various communication channels are used at the site to promote the smooth integration of new hires and strong labor relations, including meetings with executive management, employee updates from the country director about current and future projects, achievements and performance, ongoing internal communication on the Group's operations and programs (e.g., The Nexans Personnel Newsletter in Greater China, Footprint News) and manager awareness programs about their role in coaching their teams.



The number of departures in 2015 (excluding conversions of fixed-term to permanent contracts) totaled 7,450 (5,281 in 2014), which was less than the number of arrivals (7,032). The main reason for employee departures during the year was the expiration of fixed-term contracts (accounting for 2,688 or 36.1% of the total), followed by resignations (2,520 or 33.8%). The Group takes all steps to support and guide staff to be redeployed as a result of restructuring plans. The net 418 decrease in total Group headcount from 2014 to 2015 reflects a drop for the Cables business (down 514) and a rise for the Harness business (up 96).

The employee turnover rate[1] for the Group as a whole rose slightly in 2015 to 20.5%, compared with 15.1% in 2014. This rate stood at 7.9% for the Cables business (8.3% in 2014) and 43.4% for the Harness business (30.9% in 2014). This difference is due to both the different nature of the Group's businesses and the number of fixed-term contracts in the Harness business.
In the Cables business, sites in Norway, Greece, Romania, Russia, Chile, Argentina and Peru significantly reduced their employee turnover rate in 2015, by more than four percentage points compared with 2014.

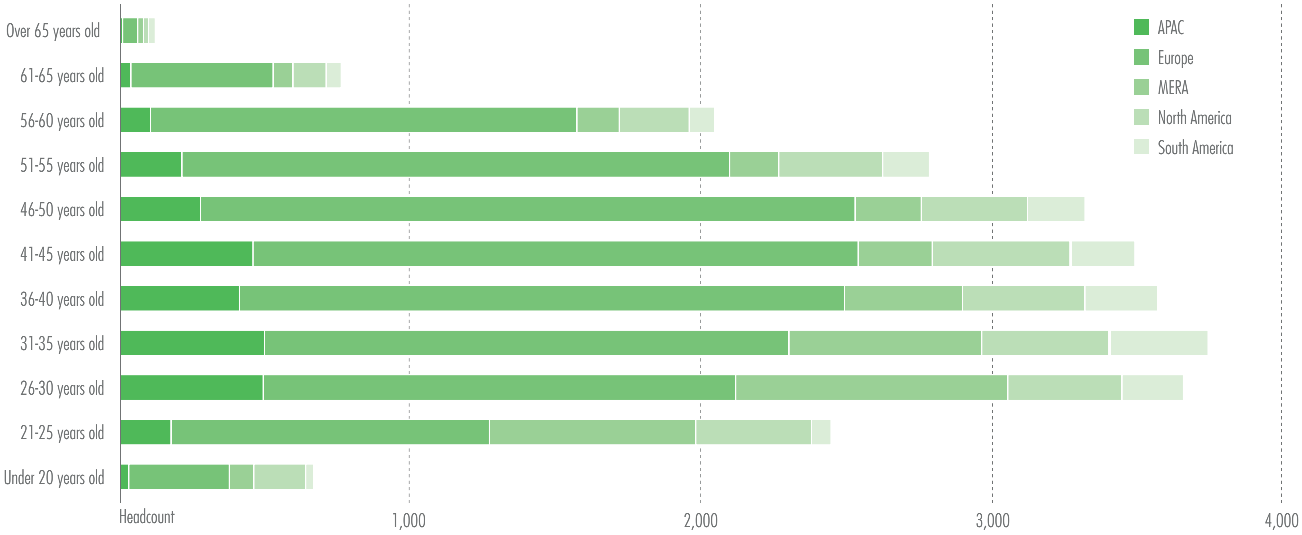
(1) Employee turnover rate = number of departures (resignations, contract expirations, individual terminations, death) excluding departures due to retirement, restructuring, business disposals and employee mobility transfers/average headcount x 100.

4.2.1.2. EMPLOYEES

Breakdown by socio-economic category

11.4% of the Group's headcount is made up of managers, of which 22% are women. The proportion of female managers within the Group is fairly homogeneous, apart from in the Asia-Pacific area where it is 17.4%.

Breakdown by age and length of service



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

In 2015 the average age of Group employees remained stable at 39.9 (40.1 in 2014). In the Cables business the average age was 43.5 and 33.9 in the Harness business. The breakdown of employees by age bracket reflects the demographics of the main geographic areas. Europe and North America – the areas that have been the most affected by high percentages of older employees in their age pyramids – have a lower staff turnover than other geographic areas.
In the Cables business, employees aged over 50 accounted for 34.3% of the total headcount in Europe and 43.3% in North America, and only 15.6% in the Asia-Pacific region and 18.7% in South America.

The most affected sites by high percentages of older employees in their age pyramids have implemented concrete knowledge transfer plans to avoid losing key Group skills.

- In Germany, the age pyramid shows that about 400 employees (out of a total 1,824) will reach retirement age within the next eight years. To prevent losing the human capital vital to its business when these employees retire, the site has identified the sectors and businesses at risk and improved talent management programs (recruitment, professional development, management training, etc.).
- In Chile, employees with technical expertise in areas such as maintenance, mechanics and electricity are expected to retire within the next few years. The site has introduced a program to maintain and transfer their know-how within the company before their departure. These employees will receive in-house training to guide them in transferring their knowledge to junior experts.

Group hires by age bracket broke down as follows in 2015: 61% of employees were under 30, a total of 24.5% were between 31 and 40, another 10.7% were between 41 and 50 and 3.8% were over 50.
Average length of service for the Group's employees was 9.8 years, stable compared with 2014.

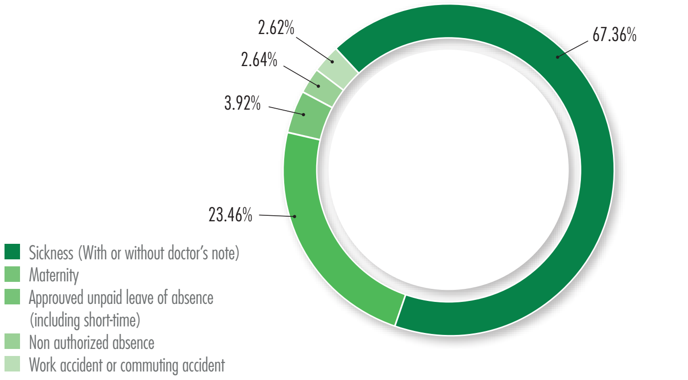
Working schedules

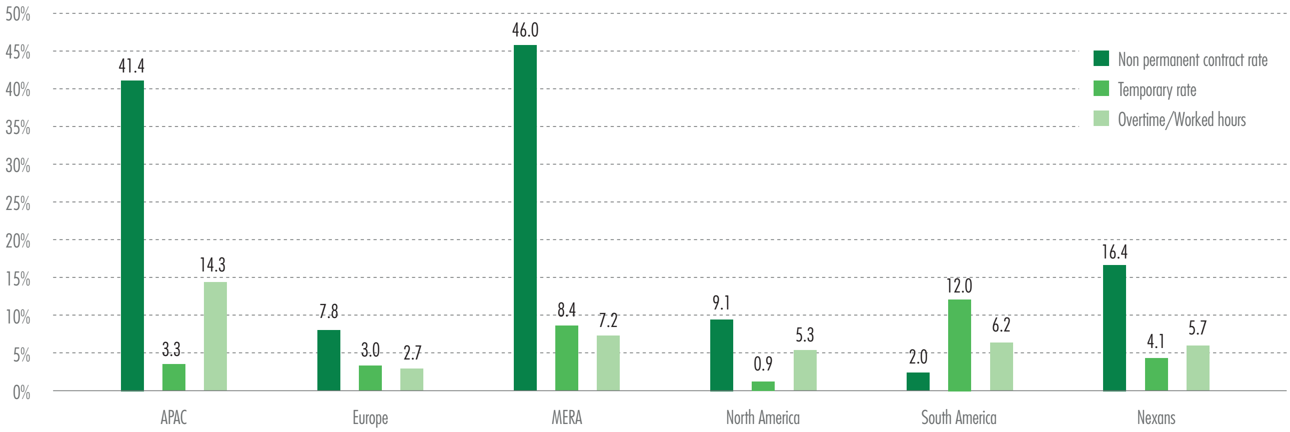
The working hours of the Group's employees are structured according to the local statutory and contractual frameworks, which can vary from one country to another. Whenever the total number of an employee's working hours is less than the standard number applicable within the entity concerned the position is considered to be part-time.
Part-time employees accounted for 2.19% of total Group headcount in 2015. The majority of these workers (90.3%) are based in Europe, with Benelux representing 27%, Germany 17.9% and France 12.7%.

Monitoring absenteeism is a key element of management. In 2015, the Group's absenteeism rate remained stable overall at 5.2%, with a rate of 4.8% for Cables (up from 4.2% in 2014) and 5.9% for the Harness business (down from 7.1% in 2014).

Illness is the primary cause of absence within the Group.

Distribution of absenteeism by motive





In 2015, employees on fixed-term contracts accounted for 16.4% of the Group's total headcount (7.9% of total headcount for the Cables business and 30.5% of total headcount for the Harness business).

In the Cables business, temporary workers represented 8.5% of the average number of employees during the year (5.8% in 2014). The Harness business did not use temporary workers.

Overtime was also used in 2015, accounting for 5.6% of total worked hours at the Group, compared with 6% in 2014.

4.2.3. Skills management and employment policy

4.2.3.1. MANAGING EMPLOYEES AND BUILDING SKILLS

The main aim of our skills building process is to develop our people and our organizational structures so that they can continuously adapt to changes in our business environment, deliver the performances expected of them and position the Group as a leader in its markets.

Managers have a responsibility to ensure that they have all the skills they need to fulfill their duties and prepare the future for their own area and for the Group.

Managerial skills

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

Following on from the strategic plan for 2014, the Group continued to develop managerial skills, which have been set out and aligned with its values.

They focus on keys skills: employee engagement, the ability to share the Group's strategic vision, agility, competitiveness and customer orientation.

The leadership development programs designed for executives and their potential successors moved forward based on a new leadership model. In 2015, the executives who took part in the external "leadership in motion" assessment in 2014 benefited from 360° feedback to analyze and enhance the relevance of their individual development plan. This feedback will better prepare them to motivate their teams in their own development.

Two specific groups, sales executives and finance executives, also took part in this external assessment in 2015.

Functional skills

The Group has a set of technical competency models, which it uses to align its strategic objectives with its organizational structures and professional development. These models form a solid base for building up the professional skills of employees and ensuring that the Group has the skills and competencies required both for today and the future.

Nexans upholds a corporate culture in which individuals are encouraged to build their own development plans with the support of their managers. The Group diversifies the development opportunities it offers, which include on-the-job experience, mentoring programs and one-off work events, while working to better target opportunities for more traditional training.

Technical excellence

The Group created a career path in 2014 to identify technical experts in key areas. The program is designed to ensure that these experts are recognized as they should be with the Group, offer them an appropriate career path, retain them and provide them with development opportunities.

The TESLA program focuses on recognizing technical experts within the Group in areas such as modeling, metallurgy, polymers, super-conductivity and smart grids. This initiative makes it possible to leverage know-how in research and the development of innovative products and solutions, and to meet the technical challenges that the Group must face by making its key areas of expertise and technical knowledge sustainable.
This program is designed to offer all identified experts a career plan that is in line with their function.
TESLA continues to grow, with 49 members at December 31, 2015.

The first TESLA symposium was held in 2015 to discuss the Group's core technologies and set new goals to shape its future.

4.2.3.2. CAREER PATHS

The Group continually seeks to identify talent within the organization. Professional development is planned and monitored during the Group's performance appraisals and "people reviews". This cross-analysis by business or organizational structure creates a shared language and opens horizons for candidates and in-house recruiters to advance mobility and internal promotion.

The SPID (Succession Plan and Individual Development) is a unique process that makes it possible to identify talent and develop succession plans. This process, which involves all key managers, was reviewed and rolled out in 2014 throughout all the countries where the Group operates. In 2015, over 60% of the Group's key managers were reviewed before the career committee.

For some executives, international mobility accelerates their development or leads them to gain specific expertise. It also provides a means of retaining talent, transferring expertise and experience, relaying the Group's corporate values throughout the world and bringing our international customers Group representatives with a global perspective.

At end-2015, 84 employees were on international mobility assignments, all of whom were covered by one of two versions of a formal policy – one for within Europe and one for outside Europe – which ensures equal treatment for everyone.

4.2.3.3. TRAINING POLICY

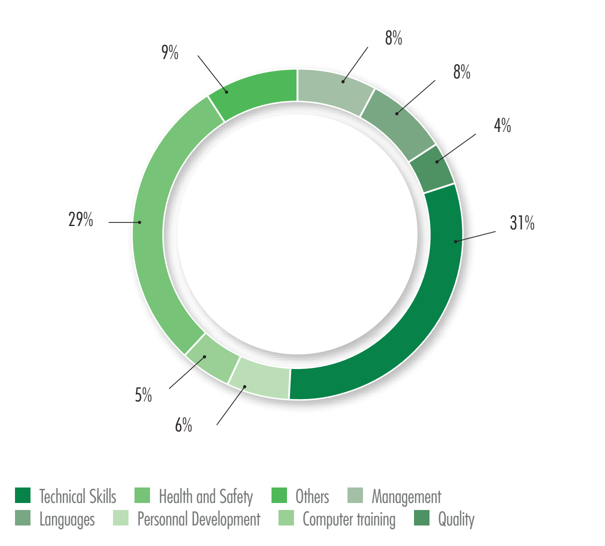
Training is primordial for everyone's growth. Each year, we invest in training at both local and Group level in order to ensure that we are prepared for market changes in the short, medium and long term. Training is offered to all employees and is the main way to build their skill sets.

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

The training policy is managed locally to meet operational needs and it focuses on three main areas at Group level:

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

In 2015, the total number of hours devoted to training (in the workplace or outside the company) amounted to 286,631, of which the Cables business accounted for 83%. A total of 13,963 employees (52.2% of the Group's average headcount in 2015) followed one or more training courses during the year, representing 20.5 hours' training per employee per year. Managers represented 20.1% of the total training numbers.



As in 2014, the theme-based breakdown of training time in the pie chart for 2015 highlights the predominance effort of courses concerning workplace health and safety.

Turkey has introduced a new approach for rolling out its IT solutions. The key users of this new Enterprise Resource Planning, or ERP, system took a Nexans University course on project management, process design and change management. Local trainers were trained so that the courses could be given in Turkey at a reasonable cost and on request by employees. Over 50 employees have already requested to take the course.

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

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

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

In order to strengthen cooperation, synergy and a cross-business approach with the Group's entities, in 2015 Nexans University continued offering training sessions such as Process Design, Change Management and Project Management to support current transformation programs. Seeking to optimize costs, Nexans University rolls out the training sessions using two innovative methods: the cascade model and in-house video.

SAFETY COURSES ARE EXPANDING WITH THE DEVELOPMENT OF CASCADE TRAINING.

SUSA (Safe and Un-Safe Acts) and JSA (Job Safety Analysis) are two courses planned for mass deployment. These programs have made their way through several continents, including Europe, Asia, Africa and North and South America, to support safety measures in workshops. They promote individual responsibility in maintaining safety for all. Every time they visit a country, SUSA and JSA trainers prepare local trainers who in turn disseminate this safety culture locally and encourage their coworkers to change their behavior.

VIDEO COMES TO NEXANS UNIVERSITY

E-learning modules have been available for several years to train employees on legal issues, safety and self-learning programs.
Having gained some expertise in video production (script writing, filming, framing and editing), Nexans University has begun to shoot specialized or local talks for the entire Group to view. This provides a new way of capitalizing on the Group's knowledge at an optimized cost, and passing it on. Nexans University plans to develop and standardize this learning method in 2016.

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

4.2.3.4. COMPENSATION POLICY

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

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

These budgets are determined based on a standardized process that integrates potential local wage changes and inflation rates in the countries where the Group operates. This approach helps manage the budget process and prepare for annual salary negotiations.

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

Changes in the Group's payroll, excluding the impact of changes in the number of employees, primarily result from collective and individual pay increases.

In 2015, Nexans continued to apply its standard Group-wide approach, introduced in 2014, for establishing pay raise projections for each of the countries where the Group operates based on local trends in terms of wage and inflation changes. This approach, adjusted for the outcome of annual salary negotiations in each country, is used to set both collective and individual salary increase budgets.

Individual salary raises are also granted based on each employee's pay positioning by reference to both the market and in-house practices. They also take into account assessments of employees' actual and potential performance as well as the skills they have acquired and demonstrated.

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

Information on the Group's total payroll and its changes is available in the parent company financial statements (wages and salaries) published in the Registration document.

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

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

4.2.4. Workplace health and safety

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

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

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

On June 16, 2015, for the second year in a row, Nexans organized a **Group Safety Day** simultaneously at 154 sites worldwide.

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

Each site established a Safety Day Challenge, using a shared format, to set a goal for 2015 and the initiatives to be taken to reach this goal.

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

In 2015, the Group highlighted management involvement, administrative head offices, behavioral activities and the simulation of real risks in the field.

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

The Group's ongoing safety efforts in 2015 in all of its geographic areas enabled it to achieve an overall work accident frequency rate of 2.10 at the year end (as against an annual target of 2.6), representing a 34% reduction compared with 2014.

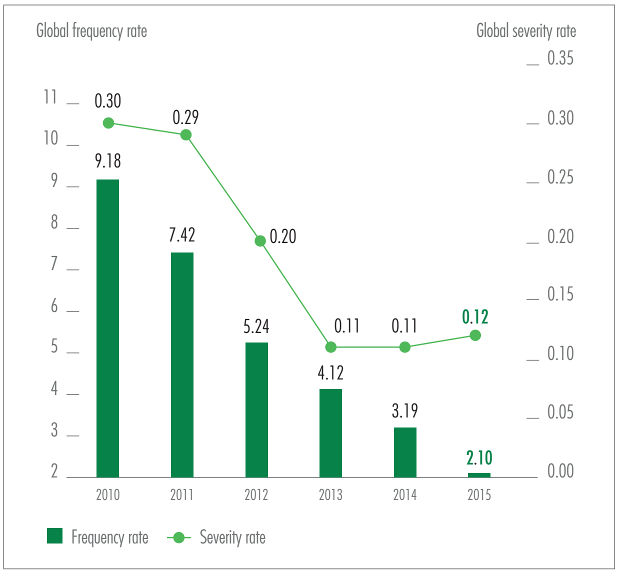
This frequency rate breaks down as follows:

- Frequency rate for internal employees: 1.99;
- Frequency rate for external employees: 4.32.

A total of 35 sites did not record any occupational accidents involving lost working time in excess of 24 hours. Unfortunately, one fatal accident occurred at the Tuzla site in Turkey.

The number of lost workdays due to occupational accidents stood at 6,031 in 2015.

The Group's severity rate was 0.12. The stability of this rate compared with 2014 testifies to the Group's vigilance towards workplace health and safety.



The definitions of the frequency rate and severity rate are included in the HR indicators in section 4.4.

The Group plans to continue its work on workplace health and safety in 2016.

Entities identify and monitor possible occupational illnesses according to their local legislation. Currently these figures are not consolidated at the Group level.

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

Some sites have started offering special awareness training sessions as well as regular check-ups for staff to monitor for musculoskeletal, cardiovascular and psychosocial issues. In addition to regular health check-ups, employees were surveyed to assess their stress level, exposure to noise pollution and hazardous substances, workstation ergonomics, etc., to prevent health and safety risks and invest in the appropriate equipment.

Information on asbestos is provided in section 3.1.2.10. Asbestos.

4.2.4.1. A BROAD-BASED APPROACH

During 2015, the Group's measures in this area were underpinned by the following programs and initiatives, in line with its health and safety roadmap:

- **The Safety Standards:** In view of the main risks inherent in its business, the Group has defined a set of basic rules to guarantee its employees' safety. As at the end of 2015, 26 safety standards covered technical aspects, methodology and behavior.

- **The Basic Safety Tools** used by operations teams with the support of the HSE and Continuous Improvement teams (as part of the Nexans Excellence Way program) include:
  - Job Safety Analysis (JSA) to analyze tasks performed, identify risks of exposure and determine corrective measures;
  - Safe Un-Safe Act (SUSA) to report safety problems and suggestions;
  - Safety Proactivity to calculate performance criteria by monitoring the number of issues resolved compared with the number of issues observed.

In 2015, the Group stepped up the use of these basic safety tools by integrating them into Nexans University courses and developing a train-the-trainer program to expand their application across the different operational regions. In late 2015, 23 people attended a seminar to learn about training operations teams in their respective countries (in Autun in France, in Sweden and in Russia).

- **Accident analysis:** The Group made the 8D problem solving methodology the standard for analyzing all accidents involving lost working time. Each accident analysis is shared in the Group-wide Alert Management System base (AMS), which is used to manage alerts in real time and generate flash reports to be distributed to all employees.

- **Boost Plan:** This is a specific action plan that is put in place at sites that encounter the most safety problems. Each plant concerned receives specific support from the Group's HSE team in order to help them with their improvement measures. Five plants were part of the plan in 2015, considerably improving their safety performance (lower number of accidents, robust and comprehensive action plans, involvement of plant management teams, etc.).

4.2.5. Social dialogue during the business transformation process

4.2.5.1. PROACTIVE SOCIAL DIALOGUE

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

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

In 2015, the Group's subsidiaries entered into nearly 45 agreements with employee representative bodies in some 15 countries in all regions of the world. The main agreements signed during the year concerned the following topics:

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

4.2.5.2. A EUROPEAN BODY FOCUSING ON SOCIAL DIALOGUE

Nexans European Works Council (NEWCO)

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

It serves as a veritable cross-border body, with a role that is separate from but complementary to that of the national representative bodies and it has its own specific prerogatives.

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

In 2015, NEWCO held four extraordinary meetings in addition to its two annual ordinary plenary meetings.

On June 12, an information and consultation procedure was submitted to NEWCO on the project to reorganize Nexans' European activities. The council's ruling on the project was handed down on September 15. At the two meetings held during the procedure, the Group's Management answered all questions and met all information requests put forth by NEWCO representatives.

4.2.6. Diversity

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

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

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

4.2.7. Internal HR barometer – employee survey

In 2015, Nexans implemented action plans based on the findings of the worldwide internal opinion poll initiated in 2014. The survey allowed the Group to assess how its employees view topics related to their work life (management, organizational structure and operating efficiency, training and personal development, etc.). This study serves as a precious tool to guide operational managers and helped provide the Group with effective analysis.

The action plans focused on the Group's strategic vision, streamlining reporting processes and stepping up employee commitment, as well as recognition and development.

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

This Group-wide survey was supported by local initiatives taken in 2015, in countries including Chile, Sweden and Belgium to periodically measure employee perception of well-being, working conditions, recognition and job satisfaction and appeal.

Following this survey, the Group's European businesses set up employee forums to take dialogue with employees further. The purpose of these forums is to provide staff members with a platform for expression with a view to improving performance, to working together on trouble-shooting and problem-solving and to coming up with concrete action plans hand in hand to solve identified problems.

The European Human Resources Department organizes these forums at as many sites as possible in the region, more specifically the sites directly affected by the Group's transformation program.

EUROPEAN EMPLOYEE FORUMS

Employee forums offer a special opportunity for sharing and dialogue to work towards success in transforming our professional practices.

Sixteen employee forums have been held to date in seven European countries. Each forum has produced an action plan that has been monitored and widely disseminated among all staff.

4.2.8. Data compilation methodology for social Indicators

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

- Quantitative human resources data is compiled in each country or entity on a quarterly basis via an internal data system and is then accessed using a business intelligence system. The data compilation process is subject to internal consistency checks. Data on health and safety is analyzed jointly with the Industrial Management Department. Headcount data is reconciled with the figures reported in the Finance Department's system and discussions may take place between the head office and the entities concerned in relation to other data.

- Qualitative human resources data is compiled both quarterly – via the internal system – and annually, through a questionnaire sent to each of the Group's countries. Discussions may take place on the information provided in this questionnaire in order to obtain further details and to fine-tune snap-shot analyses of the Group's HR situation.

The scope of consolidation for human resources data is the same as that used for the Group's consolidated financial statements. In 2015, Argentina was removed from the scope of consolidation for human resources data for the fourth quarter being outside the Group since November 2015. Also not included in the human resources data reported are the following non-significant entities of the Group: Nigeria, Qatar and Ghana (representing about 1% of total headcount).

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

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

If an indicator has already been officially published (Management Report), it will not be amended after the fact in subsequent publications (comparison table). However, a footnote will be added for the indicator showing the change and the reason for it.

Definitions of HR indicators:

- Headcount: This indicator includes employees who have an employment contract with the Group (permanent or fixed-term contracts, people on work placements, and employees whose employment contract has been suspended).

- Absenteeism rate: This indicator is calculated based on the ratio of the number of hours' absence compared with the theoretical, contractual number of hours worked. The number of hours' absence includes absences for illness, work accidents or commuting accidents, maternity leave, and unauthorized absences. It does not include absences that are longer than six months.

- Workplace health and safety: Workplace accident frequency and severity rates are calculated based on the actual number of hours worked, the number of workplace accidents with more than 24 hours of lost time, and the number of calendar days lost due to workplace accidents. The frequency rate also takes into account the fatal accidents when occur. Note: This data is for Nexans employees and subcontactors.

- Training hours: The number of training hours includes hours of training delivered both at or outside Nexans sites. It does not include training followed outside working hours.

A number of calculation formulae are provided below the table on HR indicators provided in **section 4.4**.

4.2.9. Social indicators

See in section 4.4.

4.3. Societal approach and data

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

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

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

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

The Group also contributes to community projects and its subsidiaries' sites seek to forge high-quality relationships with their neighboring communities and to limit the environmental impact of their operations.

4.3.2. Relations with stakeholders

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

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

4.3.2.1. THE FRAMEWORK FOR STAKEHOLDER DIALOGUE

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

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

Examples of dialogue with stakeholders:

Stakeholder	Type of dialogue	Department
Customers	■ Regular satisfaction surveys ■ Online publication of environmental data on products ■ Trade fairs and exhibitions ■ Customer events	Market lines, Marketing, Technical, Communications
Shareholders and investors	■ Quarterly conference calls to present results ■ Meetings with investors (roadshows, etc.) ■ Meetings with all shareholders (AGMs, etc.) ■ Information meetings ■ Registration document ■ Quarterly shareholder newsletters ■ Shareholders' e-club and toll-free shareholder hotline	Finance, Communications, Legal, Site Management
Suppliers	■ CSR Charter (2) ■ Supplier CSR risk map	Purchasing
Employees	■ Intranet ■ NewsWire, electronic newsletter ■ Surveys ■ Employee forum at European sites ■ Corporate values ■ Safety day ■ Individual skills development meetings ■ Social dialogue with employee representative bodies	Human Resources, Communications, Site Management
ESG(1) analysts and investors	■ Response to rating questionnaires ■ Individual meetings	CSR, Finance
Research centers	■ Collaborative approach, setting up and participating in competitiveness clusters, R&D programs, university chairs and trade associations ■ Partnerships with universities ■ Taking on apprentices and interns	Technical
Communities, NGOs	■ Corporate citizenship programs ■ Partnerships with local NGOs ■ Open days	CSR, Communications, Countries

(1) Environment, Social and Governance.
(2) CSR: Corporate Social Responsibility.

4.3.2.2. PARTNERSHIPS AND CORPORATE SPONSORSHIP

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

Many of the Group's entities go one step further than simply applying Group policies and local legislation, by making specific commitments with respect to education and their social environment. The following are just a few examples of the initiatives supported in 2015:

- Local economic and industrial development projects organized through employer federations, chambers of commerce and industry and cooperatives (for example in Sweden, the Group is an active participant in a project concerning manpower and infrastructure issues);
- Contribution to organizations that take measures to improve the environment (litter pick-up, recycling, energy spending awareness, pollution, etc.) in Japan, Korea, Benelux, France, Germany, Sweden, Switzerland, Russia, North America and Peru;
- Well-being programs for both employees and their families (addiction counseling, dietary advice, sports facilities, massages, etc.) and sponsorship of disease control and disaster relief organizations in France, Germany, Italy, Norway, Sweden, Turkey, North America, Chile, Colombia and Peru:
  - In Italy, the innovative Special Stage charity project is the first music contest to take place at hospitals in cooperation with young musicians,
  - In Turkey, the Safe Life Seminar was held at a local high school to educate students, teachers and parents about the risks of natural disaster and how to stay prepared in the event of an earthquake. After the seminar, participants took part in an emergency evacuation exercise. The School Emergency Exit Planning organization was also involved. Each student who took part in the program received

a CD specially designed for children entitled "Living with Earthquake" with the Nexans logo;

- Higher education: Most European countries, Turkey, Russia, North America, Chile and China work with universities and technical schools to train students with the plan of eventually hiring them as interns, recruiting young talent to take on professional positions and developing the image of Nexans:
  - In Switzerland every year, the Group gives 20,000 Swiss francs to a student selected by a jury from the University of Neuchâtel,
  - In Canada, four scholarships were granted to finance the undergraduate education of children of Group employees. Donations were also given to colleges and engineering schools,
  - In China in October 2015, a recruitment session was organized for specialists and young talent at the campus of universities that cooperate with the Group to prepare for the opening of the Suzhou site in 2016. These young hires will benefit from a special training and integration program. They will change positions regularly over their first six to twelve months with the organization,
  - In Chile, a program has been set up with specialized manufacturing schools under an agreement between the schools and the Group, which hires apprentices with knowledge of the machines, tools, safety and maintenance. Designated tutors at the company guide students through their apprenticeship. Following the training program, students with the best performance are hired for any positions available;

- Children's programs and education: The Group supports children's programs in China, Colombia, Korea, Morocco, Peru and Sweden. For example, Peru sponsors and collects donations for two local educational development organizations. Morocco offers tutoring sessions for children of employees (59 students in 2015) to prevent children from dropping out of school.

4.3.2.3. THE NEXANS FOUNDATION: SOLIDARITY THROUGH ELECTRICAL POWER

Created in early 2013, the Nexans Foundation aims to help bring electrical power to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions. This commitment follows on from the United Nation (UN)'s call in 2012 to promote awareness worldwide about energy poverty and the importance of developing access to energy. In 2015, the UN took this initiative further by including an energy component in its new sustainability targets, a priority long recommended by the IEA[1], which advocates universal energy access by 2030.

(1) www.iea.org

Energy does not only provide access to light; it facilitates education, healthcare, women's empowerment, economic development and more. These are essential needs that must be met.

The IEA currently estimates that 1.2 billion people (17% of the world's population) don't have access to electricity and at least 2.7 billion people (38% of the world's population) are jeopardizing their health in using traditional solid biomass for cooking. More than 95% of these people live in sub-Saharan Africa or in developing Asia.

4.3.2.4. SUPPORTING 22 ORGANIZATIONS AND HELPING OVER 570,000 PEOPLE SINCE 2013

Since 2013, the Nexans Foundation has supported 33 projects in 18 countries in partnership with 22 organizations. These projects have brought or plan to bring electrical power to nearly 570,000 people.

The Nexans Foundation supports large non-profits that are well known in the area of access to energy such as Electricians Without Borders, the Group for the Environment, Renewable Energy and Solidarity (GERES) and the Fondation Energies pour le Monde for large-scale projects, as well as smaller organizations, high school students, university students, etc. It works in all countries and primarily in countries affected by energy poverty. While most of the Foundation's projects are developed in sub-Saharan Africa (in 10 countries), projects also exist in Morocco, Asia (in 6 countries) and France.

The Foundation launched a volunteer program called We Are Volunteers in September. This solidarity initiative, which is currently being tested in Europe, gives Group employees the opportunity to volunteer their personal and professional skills that may be needed by the Foundation's partner organizations.

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

4.3.2.5. NEXANS WORKING TO BRING ELECTRICITY TO AFRICA

Nexans supports the African Renewable Energy Initiative (AREI), presented at COP21, as well as the project for a Pan-African Electrification Agency. In support of the agency, a number of French companies and institutions, with Nexans as a driving force, have banded together to bring electricity to Africa, pooling their skills and providing a comprehensive response to the needs of African nations, respecting their diversity and their sovereignty.

4.3.3. Subcontracting and suppliers

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

The Group carefully monitors that human rights and its rules on ethics are respected at every stage of the supply chain, by asking "Class A" suppliers (representing 80% of total purchases) and new suppliers to sign its CSR charter. A total of 81% of the Group's Class A suppliers have already agreed to sign the Charter. In addition, a CSR risk map has been drawn up, which identifies the Group's few suppliers whose awareness needs to be more acutely raised about sustainable development issues and respecting CSR principles.

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

Subcontracting represents 2.1% of its purchases, which comes to 1.4% of its consolidated sales.

4.3.4. Fair practices

The Group's anti-corruption rules and procedures are laid down in its Code of Ethics and Business Conduct. The Code clearly prohibits employees from directly or indirectly making any payment or gift, or officially or secretly granting any other advantage in order to influence any public or private person or entity.

These rules and procedures form an integral part of the Ethical Compliance Program and the annual action plan rolled out across the Group.

A special procedure provides a framework for selecting agents, consultants and international distributors by the Group's operating subsidiaries. The procedure also requires integrity verifications before agreements can be signed or renewed.

The Group's sales managers exposed to this type of risk in performing their duties receive regular awareness and compliance training and sign a certificate of commitment every year to confirm that they continue to uphold these rules and procedures.

The Group's Internal Audit Department regularly carries out compliance verification and integrity assignments to check that these rules and procedures are being respected. It also monitors the application of the annual action plan under the Ethical Compliance Program.

4.3.5. Measures taken to protect consumers' health and safety

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

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

In 2015, Nexans introduced the Nexans Tracker, a new tool used to access regulatory information on products through the Group's website.

4.3.6. Data compilation methodology for societal data

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

The Group's subcontractor data is tracked, analyzed and consolidated by the Purchasing Department. The information disclosed in section 4.3. is collected annually through a survey of the Group's different units and in this report covers the period from October 1, 2014 to September 30, 2015. Amounts include value added tax (VAT).

4.4. Environmental and social indicators

Environmental indicators

	2015	2014	2013
Number of sites monitored	90	92	93
CONSUMPTION OF RAW MATERIALS			
Energy purchased (MWh)	1,218,955	1,285,619	1,459,725
▪ o/w electricity (MWh)	732,011	772,200	826,949
▪ o/w fuel oil (MWh)	78,186	97,746	94,783
▪ o/w gas (MWh)	393,143	400,181	516,720
▪ o/w steam (MWh)	15,615	15,492	21,273
Water consumption (cu.m)	2,272,977	2,729,212	2,942,549
Solvent purchased (tonnes)	460	514	497
Copper consumption (tonnes) (2)	445,000	476,000	477,000
Aluminum consumption (tonnes) (2)	113,000	133,000	139,000
WASTE AND EMISSIONS			
Waste tonnage (tonnes)	84,832	98,712	96,821
▪ o/w hazardous waste (tonnes)	5,368	6,840	6,652
CO_2 emissions (1) (tonne CO_2 eq.)	411,396	559,553	409,910
MANAGEMENT			
Number of ISO 14001 certified sites	66	63	63
% of sites with ISO 14001 certification	73%	68%	67%

(1) CO2 emissions include direct and certain indirect emissions (from electricity and steam consumption, power line losses, use of fossil fuels and waste treatment, as well as fugitive emissions). Reporting scope covering 90 sites.
(2) The raw material consumed correspond to the tons sold to Group external customers during the year

Social indicators

	2015	2014	2013
NEXANS GROUP			
TOTAL HEADCOUNT	**26,607**	**26,144**	**25,843**
Europe	15,194	15,214	14,679
Asia-Pacific	2,707	2,434	2,755
North America	3,415	3,153	3,138
South America	1,585	1,882	2,136
Middle East, Russia, Africa	3,706	3,461	3,135
CABLES BUSINESS			
HEADCOUNT, CABLES BUSINESS	**16,606**	**17,543**	**18,673**
% female employees	16%	16%	15%
% female managers (out of manager population)	22%	21%	20%
Average age (years)	43.5 years	43.1 years	42.6 years
Average length of service (years)	13.1 years	12.7 years	12.7 years
% temporary employees	8.52%	5.82%	5.84%
Disabled employees(1)	333	319	322
EMPLOYMENT DATA			
Natural departures(6)	-2,316	-1,631	-1,869
Restructurings	-520	-590	-408
New hires	2,289	1,573	1,706
Impact of changes in Group structure	1	6	1,013
Transfers	60	-102	-59
Employee turnover rate(2)	7.90%	7.90%	8.80%
Overtime rate(3)	5.70%	6.30%	6.40%
Part-time contracts	477	480	460
% fixed-term contracts	7.90%	8.00%	8.00%
Absenteeism rate	5.20%	4.20%	4.10%
HEALTH AND SAFETY			
Overall workplace accident frequency rate(4)	2.75	3.45	4.52
Number of sites with a zero accident rate	35	35	29
Overall workplace accident severity rate(5)	0.18	0.14	0.15
TRAINING			
Total number of training hours	237,087	322,177	333,214

(1) This figure does not take into account countries where this information is not disclosed due to local regulations.
(2) Personnel turnover rate = number of departures (resignations, contract expirations, individual terminations, death) excluding departures due to retirement, restructurings, business disposals and employee mobility transfers/average headcount x 100.
(3) Overtime rate = number of overtime hours worked/total number of hours worked.
(4) Global workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time/total number of hours worked x 1,000,000. This rate concerns the internals and the externals.
(5) Global workplace accident severity rate = total number of lost work days (due to accidents at work)/total number of hours worked x 1,000. This rate concerns the internals and the externals.
(6) The 2013 figure for natural departures was 1,921 rather than 1,869.

	2015	2014	2013
HARNESS BUSINESS			
HEADCOUNT, HARNESS BUSINESS	**10,001**	**8,601**	**7,170**
Europe	5,836	5,348	4,769
Asia-Pacific	423	N/A	N/A
North America	1,894	1,482	1,341
Middle East, Russia, Africa	1,848	1,771	1,060
% female employees	60%	61%	61%
% female managers (out of manager population)	15%	13%	38%
Average age (years)	33.9 years	34 years	34.5 years
Average length of service (years)	4.3 years	4.4 years	4.6 years
EMPLOYMENT DATA			
Natural departures	-4,185	-2,488	-2,320
Restructurings	-8	-47	0
New hires	4,462	3,966	2,716
Impact of changes in Group structure	79	0	0
Transfers	0	0	0
HEALTH AND SAFETY			
Overall workplace accident frequency rate(1)	0.9	2.5	3.0
Overall workplace accident severity rate(2)	0.01	0.03	0.00
TRAINING			
Total number of training hours	49,444	25,586	30,795

(1) Global workplace accident frequency rate = total number of workplace accidents with more than 24 hours of lost time/total number of hours worked x 1,000,000. This rate concerns the internals and the externals.
(2) Global workplace accident severity rate = total number of lost work days (due to accidents at work)/total number of hours worked x 1,000. This rate concerns the internals and the externals.

4.5. Report by the appointed independent third party on the consolidated social, environmental and societal information provided in the Management Report

This is a free translation into English of the appointed independent third party's report issued in French and it is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2015

To the Shareholders,

In our capacity as independant third party of the company NEXANS S.A., accredited by the COFRAC registered under number 3-1049[(1)], we hereby present to you our report on the consolidated social, environmental and societal information (hereinafter the "CSR Information") in the Management Report for the year ended 31 December 2015, presented in the Management Report (hereinafter the "CSR Information"), in accordance with Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Board of Directors is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and with the guidelines used by the company (hereinafter the "Guidelines"), summarized in the management report and available upon request from the Industrial and Logistics Department and the Human Resources Department.

Independence and quality control

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

Responsibility of the Statutory Auditor

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

- attest that the required CSR Information is presented in the Management Report or in the event that any CSR Information is not presented, that an explanation is provided in accordance with paragraph 3 of Article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express limited assurance that the CSR information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines (opinion on the fair presentation of CSR Information).

Our work involved the expertise of five people between November 2015 and February 2016 for a total duration of around seven weeks.

We called upon our specialists in Corporate Social Responsibility to assist us in carrying out our work.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the order dated 13 May 2013 determining the manner in which independent third-party should carry out their work, and with International Standard ISAE 3000[(2)] concerning our opinion on the fair presentation of CSR Information.

1. STATEMENT OF COMPLETENESS OF CSR INFORMATION

We reviewed, on the basis of interviews with the managers of the relevant departments, the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives or programs it has implemented as a result.

(1) For which the scope is available on the site www.cofrac.fr.
(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the consolidated scope, i.e. the company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code, within the limitations set out in the note on the methods used presente in parts 9.1.5., 9.2.8., and 9.3.6., of the Management Report.

Conclusion

Based on these procedures and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the Management Report.

2. OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of the work

We approximately forty interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

- assess the suitability of Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, taking into account best practices, where appropriate;
- verify that a data collection, compilation, processing and quality control process has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures involved in the preparation of the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the company, the social and environmental impact of its activities, its sustainable development strategy and industry best practices.

With regard to the CSR information that we considered to be the most important[1]:

- at the consolidated level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the Report of the Board of Directors;
- at the entity level for a representative sample of entities selected[2] on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents an average of 18% of headcount and between 17% and 22% of presented quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance

(1) Social Indicators: Total Workforce (repartition by gender and by age), Hirings and dismissals, Absenteeism rate, Frequency and severity rate of work accidents of Nexans employees, Total number of training hours.
Environmental Indicators: Energy consumption (electricity consumption, natural gas consumption), Fuel bought, Water consumption, Quantity of solvent bought, Quantity of produced waste and Proportion of sites certified ISO 14001.
Societal indicator: Importance of subcontracting.
Qualitative information: Organization of social dialogue ; Occupational health and safety conditions ; Policies implemented regarding training; The organization of the company to integrate environmental issues ; Consideration in the relationship with subcontractors and suppliers of their social and environmental responsibility and actions implemented against corruption.

(2) Social and environmental indicators (excepted proportion of sites certified ISO 14001): Hanover (Germany).
Social indicators: Nexans France and Cortaillod (Switzerland).
Societal indicator: Headquarter (France).
Environmental indicators: Monchengladbach (Germany) ; Draveil (France) ; Charleroi (Belgium);
Quantity of produced waste: Americana (Brazil), Tokyo (Japan), Mehun (France), Bohain (France), Rognan (Norway);
Electricity consumption: Jincheon (Korea), Cheongwon (Korea), Americana (Brazil), Tuzla (Turkey), Denizli (Turkey), Tokyo (Japan), Mehun (France), Rognan (Norway);
Natural gas consumption: Mehun (France), Bohain (France);
Purchased fuel: Jincheon (Korea), Cheongwon (Korea), Denizli (Turkey), Lamia (Greece), Halden (Norway), Tokyo (Japan); Water consumption: Jincheon (Korea), El dorado (USA), Americana (Brazil), Denizli (Turkey), Mehun (France);
Solvents: Lima (Cables) (Peru), Denizli (Turkey);
The proportion of sites certified ISO 14001 has been reviewed at the Group headquarter level (France).

would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity in the CSR Information has not been detected. For the rest of the CSR Information, we assessed whether it was consistent with our knowledge of the company.

Qualifications

During our work, we observed that the data related to the working hours of external employees have not been exhaustively reported, which impact the frequency rate of external employees work accidents and severity rate presented.

Conclusion

Based on our work, and except the qualification on the risk of completeness observed on the working hours of external employees as mentioned above, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.

La Défense, February 17, 2016

KPMG S.A.

Anne Garans

Partner

Climate Change
and Sustainability services

Valérie Besson

Partner

5 Financial statements

5.1. Consolidated financial statements

5.1.1. Consolidated income statement

(in millions of euros)	Notes	2015	2014
NET SALES	1.E.a and 3	**6,239**	**6,403**
Metal price effect[1]		(1,635)	(1,816)
SALES AT CONSTANT METAL PRICES[1]	1.E.a and 3	**4,604**	**4,587**
Cost of sales		(5,456)	(5,658)
Cost of sales at constant metal prices[1]		(3,821)	(3,842)
GROSS PROFIT		**783**	**745**
Administrative and selling expenses		(506)	(522)
R&D costs		(82)	(75)
OPERATING MARGIN[1]	1.E.b and 3	**195**	**148**
Core exposure effect[2]	1.E.c	(52)	(4)
Other operating income and expenses[3]	5	(110)	(129)
Restructuring costs	21.B	(100)	(51)
Share in net income (loss) of associates[4]		1	1
OPERATING INCOME (LOSS)	1.E.d	**(66)**	**(35)**
Cost of debt (net)[5]	1.E.e	(79)	(77)
Other financial income and expenses	1.E.e and 8	(26)	(26)
INCOME (LOSS) BEFORE TAXES		**(171)**	**(138)**
Income taxes	9	(25)	(32)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(196)**	**(170)**
Net income (loss) from discontinued operations		-	-
NET INCOME (LOSS)		**(196)**	**(170)**
■ attributable to owners of the parent		(194)	(168)
■ attributable to Non-controlling interests		(2)	(2)
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE (in euros)	10		
■ basic earnings (loss) per share		(4.55)	(4.01)
■ diluted earnings (loss) per share		(4.55)	(4.01)

(1) Performance indicators used to measure the Group's operating performance.
*(2) Effect relating to the revaluation of Core exposure at its weighted average cost (see **Note 1.E.c**).*
*(3) As explained in **Notes 5** and **6**, "Other operating income and expenses" included 129 million euros in net asset impairment in 2015 versus 197 million euros in 2014.*
(4) 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)".
*(5) Financial income amounted to 6 million euros in both 2015 and 2014. 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**).*

5.1.2. Consolidated statement of comprehensive income

(in millions of euros)	Notes	2015	2014
NET INCOME (LOSS)		**(196)**	**(170)**
Recyclable components of comprehensive income		**(15)**	**25**
■ Available-for-sale financial assets		0	0
■ Currency translation differences		17	62
■ Cash flow hedges	24	(32)	(37)
Tax impacts on recyclable components of comprehensive income	9.C	**6**	**8**
Non-recyclable components of comprehensive income		**(31)**	**(47)**
■ Actuarial gains and losses on pension and other long-term employee benefit obligations	20.B	(31)	(47)
■ Share of other non-recyclable comprehensive income of associates		-	-
Tax impacts on non-recyclable components of comprehensive income	9.C	**18**	**14**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		(22)	0
TOTAL COMPREHENSIVE INCOME (LOSS)		**(218)**	**(170)**
■ attributable to owners of the parent		(218)	(171)
■ attributable to Non-controlling interests		(0)	1

5.1.3. Consolidated statement of financial position

(At December 31, in millions of euros)	Notes	2015	2014
ASSETS			
Goodwill	6	250	303
Intangible assets	11	148	181
Property, plant and equipment	12	1,156	1,159
Investments in associates	13	30	21
Deferred tax assets	9.D	192	153
Other non-current assets	14	59	73
NON-CURRENT ASSETS		1,835	1,890
Inventories and work in progress	15	881	1,096
Amounts due from customers on construction contracts	16	172	213
Trade receivables	17	924	1,009
Current derivative assets	24	51	43
Other current assets	18	154	167
Cash and cash equivalents	22.A	1,012	810
Assets and groups of assets held for sale		0	0
CURRENT ASSETS		3,194	3,338
TOTAL ASSETS		**5,029**	**5,228**

(At December 31, in millions of euros)	Notes	2015	2014
EQUITY AND LIABILITIES			
Capital stock, additional paid-in capital, retained earnings and other reserves		1,153	1,346
Other components of equity		20	31
Equity attributable to owners of the parent		**1,173**	**1,377**
Non-controlling interests		54	56
TOTAL EQUITY	19	**1,227**	**1,433**
Pension and other long-term employee benefit obligations	20	453	435
Long-term provisions	21	86	112
Convertible bonds	22	255	452
Other long-term debt	22	604	605
Non-current derivative liabilities[1]	24	37	-
Deferred tax liabilities	9.D	84	91
NON-CURRENT LIABILITIES		**1,519**	**1,695**
Short-term provisions	21	151	162
Short-term debt	22	354	213
Liabilities related to construction contracts	16	185	159
Trade payables	23	1,163	1,162
Current derivative liabilities[1]	24	98	86
Other current liabilities	23	332	318
Liabilities related to groups of assets held for sale		0	0
CURRENT LIABILITIES		**2,283**	**2,100**
TOTAL EQUITY AND LIABILITIES		**5,029**	**5,228**

(1) In 2015, the Group changed its presentation of derivative liabilities, separating them out between current and non-current. At December 31, 2014, non-current derivative liabilities amounted to 2 million euros.

5.1.4. Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital stock	Additional paid-in capital	Treasury stock
JANUARY 1, 2014	**42,043,145**	**42**	**1,569**	**-**
Net income (loss) for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans[1]:				
■ Service cost	-	-	-	-
■ Proceeds from share issues	8,292	0	(0)	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
DECEMBER 31, 2014	**42,051,437**	**42**	**1,569**	**-**
Net income (loss) for the year	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	-
Dividends paid	-	-	-	-
Capital increases	-	-	-	-
Equity component of OCEANE bonds	-	-	-	-
Employee stock option plans[2]:				
■ Service cost	-	-	-	-
■ Proceeds from share issues	546,281	1	8	-
Transactions with owners not resulting in a change of control	-	-	-	-
Other	-	-	-	-
DECEMBER 31, 2015	**42,597,718**	**43**	**1,577**	**-**

(1) Including a 0.7 million euro expense related to the Act 2014 plan (see Note 19.H*).*
(2) Corresponding to the impact of the Act 2014 plan following the share settlement-delivery that took place on January 21, 2015 (see Note 19.H*).*

Retained earnings and other reserves	Changes in fair value and other	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total equity
(61)	**(37)**	**36**	**1,549**	**51**	**1,600**
(168)	-	-	(168)	(2)	(170)
(33)	(27)	57	(3)	3	0
(201)	**(27)**	**57**	**(171)**	**1**	**(170)**
0	-	-	0	(1)	(1)
-	-	-	-	-	-
-	-	-	-	-	-
3	-	-	3	-	3
-	-	-	0	-	0
(5)	-	-	(5)	5	-
(1)	-	2	1	-	1
(265)	**(64)**	**95**	**1,377**	**56**	**1,433**
(194)	-	-	(194)	(2)	(196)
(13)	(26)	15	(24)	2	(22)
(207)	**(26)**	**15**	**(218)**	**(0)**	**(218)**
-	-	-	-	(2)	(2)
-	-	-	-	-	-
-	-	-	-	-	-
5	-	-	5	-	5
-	-	-	9	-	9
(0)	-	-	(0)	(0)	(0)
-	-	-	-	-	-
(467)	**(90)**	**110**	**1,173**	**54**	**1,227**

5.1.5. Consolidated statement of cash flows

(in millions of euros)	Notes	2015	2014
Net income (loss) attributable to owners of the parent		(194)	(168)
Net income (loss) attributable to Non-controlling interests		(2)	(2)
Depreciation, amortization and impairment of assets *(including goodwill)*(1)		280	345
Cost of debt (gross)		85	83
Core exposure effect(2)		52	4
Other restatements(3)		(1)	(116)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX(4)		**220**	**146**
Decrease (increase) in receivables(5)		139	59
Decrease (increase) in inventories		138	(40)
Increase (decrease) in payables and accrued expenses		87	59
Income tax paid		(37)	(34)
Impairment of current assets and accrued contract costs		33	(71)
NET CHANGE IN CURRENT ASSETS AND LIABILITIES		**360**	**(27)**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**580**	**119**
Proceeds from disposals of property, plant and equipment and intangible assets		6	20
Capital expenditure		(176)	(161)
Decrease (increase) in loans granted and short-term financial assets		(1)	3
Purchase of shares in consolidated companies, net of cash acquired		(4)	(6)
Proceeds from sale of shares in consolidated companies, net of cash transferred		2	(8)
NET CASH USED IN INVESTING ACTIVITIES		**(173)**	**(152)**
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES		**407**	**(33)**
Proceeds from long-term borrowings		0	2
Repayments of long-term borrowings		(1)	(0)
Proceeds from (repayments of) short-term borrowings		(71)	(76)
Cash capital increases (reductions)		9	(0)
Interest paid		(69)	(74)
Transactions with owners not resulting in a change of control		-	2
Dividends paid		(1)	(1)
NET CASH USED IN FINANCING ACTIVITIES		**(133)**	**(147)**
Net effect of currency translation differences		(63)	(1)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**211**	**(181)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22.A	**787**	**968**
CASH AND CASH EQUIVALENTS AT YEAR-END	22.A	**998**	**787**
■ of which cash and cash equivalents recorded under assets		*1,012*	*810*
■ of which short-term bank loans and overdrafts recorded under liabilities		*(14)*	*(23)*

(1) Includes all impairment losses recognized for non-current assets, including those related to restructuring operations.
(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 restatements in 2015 primarily included (i) a positive 25 million euros in relation to offsetting the Group's income tax charge, (ii) a negative 54 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings), (iii) a positive 19 million euros related to the cash impact of hedges and (iv) a positive 14 million euros from the cancellation of gains and losses on disposals. Other restatements 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 and restructuring costs), (iii) a negative 43 million euros related to the cash impact of hedges and (iv) a negative 23 million euros from the cancellation of gains and losses on disposals.
(4) The Group also uses the "operating cash flow" concept which is mainly calculated after adding back cash outflows relating to restructurings (104 million euros and 77 million euros in 2015 and 2014 respectively), and deducting gross cost of debt and the current income tax paid during the year.
(5) During the first half of 2015 the Group sold tax receivables which had a net cash impact of 22 million euros. As the sales concerned transferred substantially all the risks and rewards of ownership they meet the derecognition criteria in IAS 39 and have therefore been derecognized.

5.1.6. Notes to the consolidated income statement

Note 1. Summary of significant accounting policies

A. GENERAL PRINCIPLES

Nexans S.A. 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 S.A. 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 Nexans' Board of Directors on February 17, 2016 and will become final after approval at the Annual Shareholders' Meeting, which will take place on May 12, 2016 on first call.

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. Except where otherwise indicated, these policies have been applied consistently to all the financial years presented.

Basis of preparation

The consolidated financial statements of the Nexans Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union at December 31, 2015.

The Group has applied all of the new interpretations and amendments to existing standards that were mandatory for the first time in the fiscal year beginning January 1, 2015, and which were as follows:

- IFRIC 21 "Levies", which did not have a material impact on the Group's consolidated financial statements.
- Annual improvements to IFRSs (2011-2013 cycle).

New standards, amendments and interpretations published by the IASB but not yet effective

The Group did not early-adopt the following amendments, which have been endorsed by the European Union and are mandatory for annual periods beginning after January 1, 2015:

- Amendments to IAS 19, "Defined Benefit Plans: Employee Contributions".
- Amendments to IAS 16 and IAS 38, "Clarification of Acceptable Methods of Depreciation and Amortisation".
- Amendments to IFRS 11, "Accounting for Acquisitions of Interests in Joint Operations".
- Amendments to IAS 1, "Disclosure Initiative".
- Amendments to IAS 7, "Disclosure Initiative".
- Annual improvements to IFRSs (2010-2012 cycle and 2012-2014 cycle).

These amendments are not expected to have a material impact on the Group's consolidated financial statements.

The IASB has also issued the following new standards and amendments which have not yet been endorsed by the European Union:

- IFRS 9, "Financial Instruments", and amendments to IFRS 9.
- IFRS 15, "Revenue from Contracts with Customers".
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- Amendments to IAS 12, "Recognition of Deferred Tax Assets for Unrealised Losses".
- IFRS 16, "Leases".

The Group is currently analyzing the potential impacts of these new standards and amendments.

Accounting estimates and judgments

The preparation of consolidated financial statements requires Management to exercise its judgment and make estimates and assumptions that could have a material impact on the reported amounts of assets, liabilities, income and expenses.

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 and are reviewed on an ongoing basis. They serve as the basis for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainties of any valuation process, it is possible that actual amounts reported in the Group's future financial statements may differ from the estimates used in these financial statements. 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 S.A., (ii) the subsidiaries over which Nexans S.A. 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 S.A.) are fully consolidated from the date the Group takes over control to 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 the revised version of IAS 28. 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).

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 for subsidiaries as expenses in the periods in which the costs are incurred and the services received. However, if the acquisition of a subsidiary is financed through the issuance of equity or debt instruments, the related costs 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 figures based on a constant price for copper and aluminum (the cost of sales figure is adjusted in the same way). For 2015 and 2014, 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 under liabilities in the consolidated statement of financial position. They are taken to "Amounts due from customers on construction contracts" and "Amounts due to customers on construction contracts" as the progress billings are made.

b. Operating margin

Operating margin measures the Group's operating performance and comprises gross profit (which includes indirect production costs), administrative and selling expenses and research and development costs (see Note 1.F.a).

Share-based payments (see Note 1.F.h), pension operating costs (see Note 1.F.i) and employee profit-sharing are allocated by function to the appropriate lines in the income statement based on cost accounting principles.

Operating margin is measured before the impact of: (i) revaluing Core exposure (see Note 1.E.c); (ii) changes in fair value of non-ferrous metal derivatives; (iii) restructuring costs; (iv) gains and losses on asset disposals; (v) expenses and provisions for antitrust investigations; (vi) acquisition-related costs when they concern acquisitions that have been completed or whose probability of completion is almost certain; (vii) impairment losses recorded on property, plant and equipment, goodwill and other intangible assets following impairment tests; (viii) financial income and expenses; (ix) income taxes; (x) share in net income of associates; and (xi) net income (loss) from discontinued operations.

c. Core exposure effect

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

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

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

- A "volume" effect: At the level of operating margin – which is a performance indicator – Core exposure is measured at historic cost, which is close to its LIFO value, whereas at operating income level it is valued at weighted average cost (see Note 1.F.d) in accordance with IFRS. The impact of any changes in volumes of Core exposure during the period is also recorded under "Core exposure effect" in the consolidated income statement. However, this effect is generally limited, as the tonnage of Core exposure is usually kept at a stable level from one period to the next, in accordance with the management principles described in Note 25.C.

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

d. Operating income

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

e. Financial income and expenses

Financial income and expenses include the following:

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

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

f. Income taxes

The income tax expense for the year comprises current and deferred taxes.

Deferred taxes are recognized for temporary differences arising between the carrying amount and tax base of assets and liabilities, as well as for tax losses available for carryforward. In accordance with IAS 12 no deferred tax assets or liabilities are recognized for temporary differences resulting from goodwill for which impairment is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (except in the case of finance leases and actuarial gains or losses on pension benefit obligations).

Deferred tax assets that are not matched by deferred tax liabilities expected to reverse in the same period are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, based on medium-term earnings forecasts (generally covering a five-year period) for the company concerned. The Group ensures that the forecasts used for calculating deferred taxes are consistent with those used for impairment testing (see Note 1.F.c).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The rates applied reflect Management's intentions of how the underlying assets will be realized or the liabilities settled. All amounts resulting from changes in tax rates are recorded either in equity or in net income in the year in which the tax rate change is enacted or substantively enacted, based on the initial recognition method for the corresponding deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that (i) the Group is able to control the timing of the reversal of the temporary difference, and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity is legally entitled to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

F. ITEMS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

a. Intangible assets

See Notes 1.D and 1.F.c for a description of the Group's accounting treatment of goodwill.

Intangible assets are stated at cost less any accumulated amortization and impairment losses. When they are acquired in a business combination, their cost corresponds to their fair value.

The Group applies the cost model for the measurement of intangible assets rather than the allowed alternative method that consists of regularly revaluing categories of assets. Government grants are recognized as a deduction from the gross amount of the assets to which they relate.

Intangible assets primarily correspond to the following:

- Trademarks, customer relationships and certain supply contracts acquired in business combinations. Except in rare cases, trademarks are deemed to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over the period during which the related economic benefits are expected to flow to the Group (between five and twenty-five years). Supply contracts can be deemed to have 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 (between three and five 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 of ownership of the asset are transferred.

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. In accordance with IAS 23, directly attributable borrowing costs are included in the cost of qualifying assets.

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 of ownership of the asset are transferred.

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 of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of benefits received from the lessor, which are deferred on a straight-line basis over the term of the lease) are recognized as expenses in the income statement.

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 perpetual growth rates.

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 is tested at the level of the CGU to which it is allocated. 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). Examples of indications that an asset may be impaired include a pronounced decline in profitability, a considerably lower performance than in the original business plan, or a significant loss of customers, market share or product certifications.
- 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 or seven-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 or four years.
- Operational cash flows beyond five or seven years, as applicable, are extrapolated based on growth rates specific to each geographic area.

Impairment losses (net of reversals) are recorded in the income statement under "Other operating income and expenses" 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

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 "Cost of sales". 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 "Cost of sales" 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 S.A.).

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 new 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 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 takes place. 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. Consequently, 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 is recognized directly in equity under "Changes in fair value and other" and the corresponding realized gain or loss is recognized within operating margin.
- The "ineffective" portion of the unrealized gain or loss is recognized in the consolidated income statement under "Other operating income and expenses" and the corresponding realized gain or loss is recognized within operating margin, which, in accordance with the Group's management model, includes all of the realized impacts relating to 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 STATUTORY AUDITORS

At the Annual Shareholders' Meeting held on May 5, 2015, Nexans' shareholders re-elected Georges Chodron de Courcel and Cyrille Duval as independent directors, as well as Hubert Porte – a director proposed by Nexans' shareholder Invexans – for terms of four years in accordance with Nexans' bylaws. At the close of the Meeting, Nexans' Board of Directors comprised 12 members, taking into account the expiry of the terms of office of Mouna Sepehri and Robert Brunck. On November 24, 2015, the Board appointed Kathleen Wantz-O'Rourke as a non-voting member with a view to putting her forward for election as a director at the 2016 Annual Shareholders' Meeting.

Also at the May 5, 2015 Annual Shareholders' Meeting, the shareholders appointed Mazars to replace KPMG as Statutory Auditor for a six-year term as provided for by law.

B. REORGANIZATION OF NEXANS GROUP OPERATIONS IN EUROPE

The initial results of the industrial and functional reorganization measures put in place in 2014 demonstrate that the Group has adopted the right transformation strategy. However, the efforts already made have proved insufficient to put Nexans on a more competitive footing for the long term. Consequently, a new cost-savings plan was launched in Europe.

This plan – which is aimed at responding to market challenges and protecting Nexans' competitiveness – focuses on four main objectives:

- Optimize the structure of the Group's support functions.
- Adapt regional structures.
- Reduce the fixed costs of Market Lines in Europe.
- Reduce production capacity for the Utilities Market Line in Europe.

The plan involves all European countries, and in particular France, Norway and Germany. It was approved in December 2015 and will be implemented in 2016.

The restructuring costs recognized in 2015 in respect of this plan amounted to 53 million euros.

C. HVDC (HIGH VOLTAGE DIRECT CURRENT) LINKS BETWEEN NORWAY AND GERMANY AND NORWAY AND THE UNITED KINGDOM

The Norwegian and German power grids will be able to share green energy directly for the first time thanks to Nexans' submarine HVDC cables that will be installed as part of the NordLink project. Nexans will design, manufacture and install two 525 kV cable subsystems, with a total length of more than 700 km, off the coasts of Norway and Denmark. Completion of the project – which is Nexans' largest of this type to date – is scheduled for 2019.

The Group is also involved in the NSN Link project that will interconnect the Nordic and UK energy markets using the world's longest subsea power link incorporating Nexans' HVDC cable technology. This power interconnection beneath the North Sea will enable Norway and the UK to share up to 1,400 MW of green energy. Nexans will design, manufacture and install the main section of the 730 km HVDC submarine cable on the Norwegian side. The 1,400 MW link, comprising two 525 kV cable systems, is due for completion in 2021.

The value of these contracts is approximately 0.8 billion euros.

D. NET ASSET IMPAIRMENT

The Group carries out impairment tests on goodwill at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired. The main assumptions used for these impairment tests as well as explanations concerning the impairment losses recognized are set out in Note 6.

The 129 million euro net impairment loss resulting from the tests conducted in 2015 mainly breaks down as follows:

- 46 million euros in impairment of assets held by the "AmerCable" cash-generating unit (CGU).
- 38 million euros in impairment of assets held by the "Brazil" CGU.
- 27 million euros in impairment of individual intangible assets located in Australia (brand and customer relationship) held by the "Asia-Pacific" CGU.

E. ANTITRUST INVESTIGATIONS

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada.

In view of these developments, at December 31, 2015 Nexans France SAS reduced the amount of the provision for risks related to antitrust investigations to 38 million euros.

See **Notes 5** and **29** for further details.

F. CHANGES IN GROUP STRUCTURE

The only change in the Group's structure in 2015 was the sale of Nexans Indelqui S.A., an Argentina-based entity that was wholly owned by Nexans. This sale resulted in a 13 million euro net disposal loss in the second half of the year, which was recognized under "Other operating income and expenses" in the consolidated income statement, and a 3.4 million euro positive impact on the Group's net debt.

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 86% of the sales at constant metal prices recorded in the "Other Activities" column in 2015 were generated by the Group's Electrical Wires business (compared with 87% in 2014).
- Operating margin for "Other Activities" came in at a negative 33 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

2015 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	2,262	1,500	1,749	728	6,239
Net sales at constant metal prices	1,935	1,250	1,136	283	4,604
Operating margin	108	57	63	(33)	195
Depreciation and amortization	(72)	(33)	(27)	(6)	(138)
Net impairment of non-current assets (including goodwill) (see **Note 6**)	(32)	(62)	(35)	-	(129)

2014 *(in millions of euros)*	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	2,327	1,487	1,814	775	6,403
Net sales at constant metal prices	1,978	1,213	1,120	276	4,587
Net sales at constant metal prices and 2015 exchange rates	1,966	1,269	1,168	288	4,691
Operating margin	98	50	26	(26)	148
Depreciation and amortization	(72)	(34)	(27)	(7)	(140)
Net impairment of non-current assets (including goodwill)	(78)	(84)	(34)	(1)	(197)

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

B. INFORMATION BY MAJOR GEOGRAPHIC AREA

2015 *(in millions of euros)*	France	Germany	Norway	Other[3]	Group Total
Net sales at current metal prices[1]	877	814	705	3,843	6,239
Net sales at constant metal prices[1]	612	718	657	2,617	4,604
Non-current assets (IFRS 8)[1] (at December 31)	148[2]	148	162	1,126	1,584

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

2014 *(in millions of euros)*	France	Germany	Norway	Other[3]	Group Total
Net sales at current metal prices[1]	918	776	693	4,016	6,403
Net sales at constant metal prices[1]	656	669	647	2,615	4,587
Net sales at constant metal prices and 2015 exchange rates[1]	656	669	605	2,761	4,691
Non-current assets (IFRS 8)[1] (at December 31)	150[2]	135	161	1,218	1,664

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

C. INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in 2015 or 2014.

Note 4. Payroll costs and headcount

		2015	2014
Payroll costs (including payroll taxes)	*(in millions of euros)*	1,139	1,150
Staff of consolidated companies at year-end	*(in number of employees)*	26,607	26,144

Payroll costs in the above table include share-based payments within the meaning of IFRS 2. These payments totaled 5.7 million euros in 2015 and 4.4 million euros in 2014 (including payroll taxes). See **Note 19** for further details.

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	2015	2014
Net asset impairment	6	(129)	(197)
Changes in fair value of non-ferrous metal derivatives		(3)	(2)
Net gains (losses) on asset disposals	7	(14)	23
Acquisition-related costs		-	-
Expenses and provisions for antitrust investigations		36	47
OTHER OPERATING INCOME AND EXPENSES		**(110)**	**(129)**

The 36 million in net income recorded under "Expenses and provisions for antitrust investigations" in 2015 primarily corresponds to a provision reversal recognized following the United States Department of Justice Antitrust Division's closure of its investigation without any prosecution or sanctions being taken against any Nexans Group company.

As disclosed in the 2014 consolidated financial statements, 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 in 2014. 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 for antitrust investigations" primarily corresponded to these changes in provisions.

Note 6. Net asset impairment

(in millions of euros)	2015	2014
Impairment losses – non-current assets	(67)	(63)
Reversals of impairment losses – non-current assets	-	-
Impairment losses – goodwill	(62)	(134)
Impairment losses – assets and groups of assets held for sale	-	-
NET ASSET IMPAIRMENT	**(129)**	**(197)**

The Group carries out impairment tests on goodwill at least once a year and on other intangible assets and property, plant and equipment whenever there is an indication that they may be impaired (see Note 1.F.c.)

As a result of the overall economic environment in the second half of 2015, and notably further falls in commodities prices (particularly oil & gas and mineral commodities), the Group revised downwards the outlook for its activities that have the highest exposure to the markets concerned. This downward revision led to the recognition of a 129 million euro net asset impairment loss following the Group's impairment testing of goodwill, other intangible assets and property, plant and equipment.

As described in Note 1, and in accordance with IAS 36, impairment tests were first carried out on individual assets when an indication of impairment was identified. This was notably the case for the intangible assets held by AmerCable and those located in Australia.
Impairment tests were then performed on goodwill, at the level of the CGUs to which it is allocated.

A. RESULTS OF THE IMPAIRMENT TESTS PERFORMED IN 2015

The impairment tests performed in 2015 led to the recognition of an aggregate 129 million euro impairment loss mainly related to the following CGUs:

- The "AmerCable" CGU (46 million euro impairment loss): further falls in commodity prices in the second half of 2015 resulted in lower capital spending by companies in the oil & gas and mining industries, which in turn adversely impacted the AmerCable CGU's outlook in terms of business volumes and earnings generated with customers operating in those industries.
- The "Brazil" CGU (38 million euro impairment loss): Nexans' business volumes in Brazil decreased sharply in 2015, notably due to the country's recession deepening in the second half of the year. The Group does not expect the Brazilian economy to recover in the short term in view of both unfavorable forecasts for commodities prices and the country's current economic and political environment.
- The "Asia-Pacific" CGU (27 million euro impairment loss): the impairment loss recognized for this CGU relates to individual intangible assets located in Australia (brand and customer relationship) and was recorded in view of weaker cash flow forecasts for the Group's Australian operations due to (i) the worsening recession in Australia's mining industry, (ii) delays in obtaining official approval for products supplied from the Group's Chinese manufacturing plants, and (iii) lower demand from the industrial building market.

At December 31, 2015, impairment losses recorded against goodwill, other intangible assets and property plant and equipment broke down as follows:

(in millions of euros)	AmerCable CGU	Brazil CGU	Asia-Pacific CGU
DECEMBER 31, 2015			
Goodwill (net of impairment losses)	29	-	83
Intangible assets with indefinite useful lives (net of impairment losses)	15	-	11
Measurement method	Value in use	Value in use	Value in use
TOTAL IMPAIRMENT LOSSES RECOGNIZED	**(46)**	**(38)**	**(27)**
IMPAIRMENT LOSSES BY TYPE OF ASSET			
Goodwill and intangible assets with indefinite useful lives	(41)	(26)	(12)
Intangible assets with finite useful lives	(5)	-	(15)
Property, plant and equipment	-	(12)	-
IMPAIRMENT LOSSES BY OPERATING SEGMENT			
Transmission, Distribution & Operators	-	(12)	(5)
Industry	(46)	(12)	(2)
Distributors & Installers	-	(14)	(20)
Other Activities	-	-	-
PERPETUITY GROWTH RATE	2.50%	3.00%	2.00%-4.50%
DISCOUNT RATE APPLIED	7.75%	9.50%	8.00%-9.50%

Goodwill balances and movements in goodwill in 2015 can be analyzed as follows by CGU:

(in millions of euros)	AmerCable CGU	Asia-Pacific CGU	South America CGU (excluding Brazil)	Brazil CGU	Other CGUs	Total
DECEMBER 31, 2014						
Goodwill	**59**	**82**	**65**	**30**	**67**	**303**
Business combinations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment losses	(36)	-	-	(26)	-	(62)
Exchange differences	6	1	3	(4)	3	9
Other movements	-	-	-	-	0	0
DECEMBER 31, 2015						
Goodwill	**29**	**83**	**68**	-	**70**	**250**

The impairment tests conducted in 2014 resulted in the recognition of a 197 million euro net impairment loss, mainly relating to:

- Goodwill and other intangible assets of the "AmerCable" CGU, which were written down by 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 (particularly for oil in the last quarter of 2014) and (ii) the loss of a major customer in the renewable energies sector.
- Goodwill and other intangible assets of the "Australia" CGU (comprising Nexans' operations in Australia and New Zealand acquired in December 2006), which were written down by 44 million euros and 22 million euros respectively. The economic outlook for Australia was revised downwards in 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.

- Goodwill and other intangible assets of the "Brazil" CGU, which were written down by 40 million euros. Nexans' business in Brazil declined in 2014, mainly due to the contraction in the country's GDP in the second half of the year 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 was 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.

As disclosed in 2014, the following changes have been made to the Group's CGUs:

- 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.
- Australia, which was a standalone CGU in 2014, was incorporated into the Asia-Pacific CGU with effect from January 1, 2015 due to the industrial reorganization measures put in place within the Asia-Pacific Area the increasing interaction between Nexans' entities in that Area in terms of supplies.

B. MAIN ASSUMPTIONS

The main assumptions applied by geographic area when preparing the business plans used in connection with impairment testing are listed below:

- As a result of the interest rate environment in the second half of 2015, the Group reduced the discount rates applied for certain geographic areas at December 31, 2015. Consequently, the discount rate used for Europe and certain Asian countries was 50 basis points lower than at December 31, 2014 and that used for North America was 25 basis points lower.

- The perpetuity growth rates used for the Group's CGUs at December 31, 2015 were stable compared with those used one year earlier, apart from the perpetuity growth rates used for Brazil (3.00%) and China (4.50%), which were 50 and 150 basis points lower respectively due to the weaker economic outlook for those two countries.

- 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 2016 Budget and the 2017-2018 Strategic Plan). Cash flows are projected over a five-year or seven-year period for the purpose of these assumptions.

- The forecasts used for oil prices corresponded to a stable price of approximately 40 US dollars a barrel until the first half of 2020 followed by a recovery to 70 US dollars a barrel.

C. 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:

Discount and perpetuity growth rates

- A 50 basis-point increase or decrease in the discount or perpetuity growth rate compared with the assumptions applied would not have had a significant impact on the impairment losses recognized in the consolidated financial statements for the intangible assets located in Australia held by the "Asia-Pacific" CGU.

- A 50 basis-point increase in the discount rate compared with the assumptions applied would have led to the recognition of additional impairment losses at December 31, 2015 amounting to 6 million euros for the "Brazil" CGU and 9 million euros for the "AmerCable" CGU.

  A 50 basis-point decrease in the discount rate would have led to impairment loss reductions amounting to 6 million euros for the "Brazil" CGU and 11 million euros for the "AmerCable" CGU.

- A 50 basis-point decrease in the perpetuity growth rate compared with the assumptions applied would have led to the recognition of additional impairment losses amounting to 5 million euros for the "Brazil" CGU and 5 million euros for the "AmerCable" CGU.

  A 50 basis-point increase in the perpetuity growth rate would have led to impairment loss reductions amounting to 5 million euros for the "Brazil" CGU and 7 million euros for the "AmerCable" CGU.

EBITDA rate

- A 100 basis-point decrease in the EBITDA rate (operating margin less depreciation and amortization) as a percentage of sales at constant metal prices compared with the assumptions used for the Group's asset impairment tests would have led to the recognition of additional impairment losses amounting to 11 million euros for the "Brazil" CGU and 15 million euros for the "AmerCable" CGU.

- A 100 basis-point increase in the EBITDA rate (operating margin less depreciation and amortization) as a percentage of sales at constant metal prices would have led to impairment loss reductions amounting to 11 million euros for the "Brazil" CGU and 15 million euros for the "AmerCable" CGU.

Sales

In view of the current uncertain economic environment, marked by sharp declines in the prices of oil & gas and mineral commodities and the recession in Brazil, the Group decided to carry out a sensitivity analysis based on the impact on the cash flow forecasts for the "AmerCable" and "Brazil" CGUs of a 10% increase or decrease in sales at constant metal prices (with the perpetuity growth rate unchanged).

The results of this specific sensitivity analysis are as follows:

(in millions of euros)	AmerCable CGU	Brazil CGU
REDUCTION IN IMPAIRMENT LOSSES/(ADDITIONAL IMPAIRMENT LOSSES) IN THE FOLLOWING CASES:		
■ 10% decrease in sales at constant metal prices	(35)	(28)
■ 10% increase in sales at constant metal prices	35	25

Oil prices

Applying an assumption of an increase in oil prices to 70 US dollars a barrel from 2017 would reduce the amount of impairment losses recognized in 2015 for the "AmerCable" CGU by 36 million euros.

Note 7. Net gains (losses) on asset disposals

(in millions of euros)	2015	2014
Net gains (losses) on disposals of fixed assets	(1)	21
Net gains (losses) on disposals of investments	(13)	2
Other	-	0
NET GAINS (LOSSES) ON ASSET DISPOSALS	**(14)**	**23**

The 13 million euro net loss recorded under "Net gains (losses) on disposals of investments" in 2015 corresponds to the sale in the fourth quarter of Nexans Indelqui S.A. – an Argentina-based entity that was wholly owned by Nexans.

The 21 million euro net gain recognized in 2014 under "Net gains (losses) on disposals of fixed assets" primarily corresponds to gains on property, plant and equipment sold in France and Canada.

Note 8. Other financial income and expenses

(in millions of euros)	2015	2014
Dividends received from non-consolidated companies	1	1
Provisions	(4)	(2)
Net foreign exchange gain (loss)	(8)	(7)
Net interest expense on pension and other long-term employee benefit obligations[1]	(10)	(13)
Other	(5)	(5)
OTHER FINANCIAL INCOME AND EXPENSES	**(26)**	**(26)**

(1) See Note 20.B.

Note 9. Income taxes

A. ANALYSIS OF THE INCOME TAX CHARGE

(in millions of euros)	2015	2014
Current income tax charge	(40)	(37)
Deferred income tax benefit (charge), net	15	5
INCOME TAX CHARGE	**(25)**	**(32)**

Nexans S.A. heads up a tax group in France that comprised 11 companies in 2015. 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 2015 and 2014:

Tax proof *(in millions of euros)*	2015	2014
Income (loss) before taxes	(171)	(138)
■ of which share in net income (loss) of associates	1	1
INCOME (LOSS) BEFORE TAXES AND SHARE IN NET INCOME (LOSS) OF ASSOCIATES	(172)	(139)
Standard tax rate applicable in France (in %)(1)	34,43%	34,43%
THEORETICAL INCOME TAX BENEFIT (CHARGE)	59	48
Effect of:		
■ Difference between foreign and French tax rates	13	5
■ Change in tax rates for the period	5	1
■ Unrecognized deferred tax assets	(70)	(58)
■ Taxes calculated on a basis different from "Income before taxes"	(7)	(8)
■ Other permanent differences(2)	(25)	(20)
ACTUAL INCOME TAX BENEFIT (CHARGE)	(25)	(32)
EFFECTIVE TAX RATE (IN %)	14,49%	23,41%

(1) For the purpose of simplicity, the Group has elected to only use the standard tax rate for France, i.e., including surtaxes but excluding the exceptional temporary surcharges provided for in France's Amended Finance Act for 2015.
(2) Primarily reflecting (i) the fact that the goodwill impairment losses recognized 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 2015 can be analyzed as follows:

(in millions of euros)	December 31, 2014	Gains (losses) generated during the year(1)	Amounts reclassified to the income statement(1)	Total other comprehensive income (loss)	December 31, 2015
Available-for-sale financial assets	0	-	-	-	0
Currency translation differences	(5)	0	-	0	(5)
Cash flow hedges	21	11	(5)	6	27
TAX IMPACT ON RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**16**	**11**	**(5)**	**6**	**22**
Actuarial gains and losses on pension and other long-term employee benefit obligations	41	18	N/A	18	59
Share of other non-recyclable comprehensive income of associates	-	-	N/A	-	-
TAX IMPACT ON NON-RECYCLABLE COMPONENTS OF COMPREHENSIVE INCOME	**41**	**18**	**N/A**	**18**	**59**

(1) The tax effects relating to cash flow hedges and available-for-sale financial assets, as well as the gains and losses generated during the year and amounts recycled to the income statement are presented in the consolidated statement of changes in equity in the "Changes in fair value and other" column.

These taxes will be recycled to the income statement in the same periods as the underlying transactions to which they relate (see **Notes 1.C** and **1.F.k**).

D. DEFERRED TAXES RECORDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Deferred taxes break down as follows by type of temporary difference:

(in millions of euros)	December 31, 2014	Impact on the income statement	Business combinations	Impact on equity	Exchange differences and other	December 31, 2015
Fixed assets	(79)	11	-	-	(5)	(73)
Other assets	(39)	(3)	-	-	1	(41)
Employee benefit obligations	82	0	-	7	0	89
Provisions for contingencies and charges	34	4	-	-	(3)	35
Other liabilities	31	6	-	8	(0)	45
Unused tax losses	505	60	-	-	0	565
DEFERRED TAX ASSETS (GROSS) AND DEFERRED TAX LIABILITIES	**534**	**78**	**-**	**15**	**(7)**	**620**
Unrecognized deferred tax assets	(472)	(63)	-	9	14	(512)
NET DEFERRED TAXES	**62**	**15**	**-**	**24**	**7**	**108**
■ of which recognized deferred tax assets	153					192
■ of which deferred tax liabilities	(91)					(84)
NET DEFERRED TAXES EXCLUDING ACTUARIAL GAINS AND LOSSES	**21**					**49**

At December 31, 2015 and 2014, deferred tax assets in the respective amounts of 512 million euros and 472 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 565 million euros at December 31, 2015 (505 million euros at December 31, 2014). The main entities to which these tax losses related at those dates were as follows:

- German subsidiaries, in an amount of 163 million euros (164 million euros at December 31, 2014), of which 31 million euros were recognized in deferred tax assets at December 31, 2015 (23 million euros at December 31, 2014).
- French subsidiaries, in an amount of 202 million euros, of which 11 million euros were recognized in deferred tax assets at December 31, 2015 (161 million euros at December 31, 2014, all of which were unrecognized).

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:

(At December 31, in millions of euros)	2015	2014
Year y+1	5	3
Years y+2 to y+4	22	15
Year y+5 and subsequent years	538	487
TOTAL	**565**	**505**

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:

	2015	2014
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT *(in millions of euros)*	(194)	(168)
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)*	(194)	(168)
ATTRIBUTABLE NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-
Average number of shares outstanding	42,529,353	42,044,684
Average number of dilutive instruments[1]	0 (anti-dilutive instruments)	0 (anti-dilutive instruments)
Average number of diluted shares	42,529,353	42,044,684
ATTRIBUTABLE NET INCOME (LOSS) PER SHARE *(in euros)*		
■ Basic earnings (loss) per share	(4.55)	(4.01)
■ Diluted earnings (loss) per share	(4.55)	(4.01)

(1) At December 31, 2015 and 2014, 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 2.5.5. and 6.2. details on the Group's equity instruments.

Note 11. Intangible assets

(in millions of euros)	Trademarks	Customer relationships	Softwares	Intangible assets in progress	Other	Total
Gross value	57	200	80	20	51	408
Accumulated amortization and impairment	(5)	(139)	(70)	-	(13)	(227)
NET AT JANUARY 1, 2015	**52**	**61**	**10**	**20**	**38**	**181**
Acquisitions and capitalizations	-	-	2	8	0	10
Disposals	-	-	(0)	-	(0)	(0)
Depreciation expense	-	(8)	(5)	-	(0)	(13)
Impairment losses[1]	(17)	(20)	-	-	-	(37)
Changes in Group structure	-	-	-	-	-	-
Exchange differences and other	3	3	1	(2)	2	7
NET AT DECEMBER 31, 2015	**38**	**36**	**8**	**26**	**40**	**148**
Gross value	60	206	74	26	51	417
Accumulated amortization and impairment	(22)	(170)	(66)	-	(11)	(269)

(1) See Note 6.

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	907	2,335	89	243	3,574
Accumulated depreciation and impairment	(576)	(1,644)	-	(195)	(2,415)
NET AT JANUARY 1, 2015	**331**	**691**	**89**	**48**	**1,159**
Acquisitions and capitalizations	10	41	106	5	162
Disposals	(2)	(2)	(0)	(0)	(4)
Depreciation expense	(19)	(93)	-	(12)	(124)
Impairment losses[1]	(9)	(21)	-	(0)	(30)
Changes in Group structure	-	-	-	(0)	(0)
Exchange differences and other	15	48	(71)	1	(7)
NET AT DECEMBER 31, 2015	**326**	**664**	**124**	**42**	**1,156**
Gross value	900	2,297	124	235	3,556
Accumulated depreciation and impairment	(574)	(1,633)	-	(193)	(2,400)

(1) See Note 6.

Note 13. Investments in associates – Summary of financial data

A. EQUITY VALUE

(At December 31, in millions of euros)	% control	2015	2014
Cabliance Maroc and Cabliance Belgique	50.00%	3	3
Qatar International Cable Company	30.33%	13	5
Cobrecon/Colada Continua	33.33% / 41.00%	8	8
Recycables	36.50%	4	4
Nexans Kabelmetal Ghana Limited	51.00%	2	1
TOTAL		**30**	**21**

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)	2015	2014
Property, plant and equipment and intangible assets	74	70
Current assets	109	94
TOTAL CAPITAL EMPLOYED	**183**	**164**
Equity	74	59
Net financial debt	24	20
Other liabilities	85	85
TOTAL FINANCING	**183**	**164**

Condensed income statement

(in millions of euros)	2015	2014
Sales at current metal prices	237	212
Operating income	10	5
Net income (loss)	1	(1)

Note 14. Other non-current assets

(At December 31, in millions of euros, net of impairment)	2015	2014
Long-term loans and receivables	22	42
Available-for-sale securities[1]	13	14
Pension plan assets	4	3
Derivative instruments	9	0
Other	11	14
TOTAL	**59**	**73**

(1) Available-for-sale securities are carried at cost.

The maturity schedule for non-current assets at December 31, 2015 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, 2015, in millions of euros)	Carrying amount	1 to 5 years	> 5 years
Long-term loans and receivables	22	20	2
Derivative instruments	9	9	-
Other	11	2	9
TOTAL	**42**	**31**	**11**

Movements in impairment losses were as follows in 2015:

(in millions of euros)	Long-term loans and receivables	Available-for-sale securities	Other
AT DECEMBER 31, 2014	**9**	**18**	**8**
Additions	5	1	-
Disposals/Reversals	(2)	(11)	-
Other	(1)	0	(1)
AT DECEMBER 31, 2015	**11**	**8**	**7**

Note 15. Inventories and work in progress

(At December 31, in millions of euros)	2015	2014
Raw materials and supplies	287	387
Industrial work in progress	246	271
Finished products	411	495
GROSS VALUE	**944**	**1,153**
IMPAIRMENT	**(63)**	**(57)**
NET VALUE	**881**	**1,096**

Note16. 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, 2015 and 2014 break down as follows:

(At December 31, in millions of euros)	2015	2014
ASSETS RELATED TO CONSTRUCTION CONTRACTS	172	213
▪ *of which "Amounts due from customers on construction contracts"*	*172*	*213*
LIABILITIES RELATED TO CONSTRUCTION CONTRACTS	185	159
▪ *of which "Amounts due to customers on construction contracts"*	*62*	*62*
▪ *of which advances received on construction contracts*	*123*	*97*
TOTAL NET ASSETS (LIABILITIES) RELATED TO CONSTRUCTION CONTRACTS	**(13)**	**54**

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, 2015 and 2014 can be analyzed as follows (aggregate amounts for construction contracts in progress at the year-end):

(At December 31, in millions of euros)	2015	2014
Aggregate amount of costs incurred plus profits recognized (net of any losses recognized, including any losses to completion)	2,612	2,940
Progress billings	2,502	2,789
NET BALANCE EXCLUDING ADVANCES RECEIVED	**110**	**151**
▪ *of which "Amounts due from customers on construction contracts"*	*172*	*213*
▪ *of which "Amounts due to customers on construction contracts"*	*(62)*	*(62)*

Sales at current metal prices recognized in relation to construction contracts at December 31, 2015 amounted to 704 million euros, versus 736 million euros at December 31, 2014.

There were no significant contingent liabilities at either December 31, 2015 or 2014 that could negatively affect the expected margins on the Group's construction contracts.

The amount of retentions relating to progress billings issued totaled 56 million euros at December 31, 2015 compared with 55 million euros at December 31, 2014.

Note 17. Trade receivables

(At December 31, in millions of euros)	2015	2014
Gross value	963	1,050
Impairment	(39)	(41)
NET VALUE	**924**	**1,009**

At December 31, 2015 and 2014, Nexans France SAS had respectively sold 39 million euros and 53 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
2015	**41**	**12**	**(11)**	**(2)**	**(1)**	**39**
2014	38	10	(7)	(3)	3	41

Receivables more than 30 days past due at the year-end but not written down were as follows:

(in millions of euros)	Between 30 and 90 days past due	More than 90 days past due
DECEMBER 31, 2015	**37**	**37**
December 31, 2014	33	32

At December 31, 2015 and 2014 the remaining receivables past due but not written down mainly related to leading industrial groups, major public and private electricity companies and telecom operators, and major resellers. They are generally located in geographic areas where contractual payment dates are often exceeded and historically present an extremely low default rate.

Note 18. Other current assets

(At December 31, in millions of euros)	2015	2014
Prepaid and recoverable income taxes	34	39
Other tax receivables	41	53
Cash deposits paid	13	11
Prepaid expenses	20	21
Other receivables, net	46	43
NET VALUE	**154**	**167**

Cash deposited to meet margin calls on copper forward purchases traded on the LME whose fair value was negative at the year-end (see **Note 25.D**) are presented under "Cash deposits paid" and amounted to 5 million euros at both December 31, 2015 and 2014.

Note 19. Equity

A. COMPOSITION OF CAPITAL STOCK

At December 31, 2015, Nexans S.A.'s capital stock comprised 42,597,718 fully paid-up shares with a par value of 1 euro each, compared with 42,051,437 shares at December 31, 2014. 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 2015 at the 2016 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, 2016 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 5, 2015 to approve the financial statements for the year ended December 31, 2015, the Company's shareholders approved the Board's proposal not to pay a dividend for 2014.

C. TREASURY SHARES

Nexans did not hold any treasury shares at either December 31, 2015 or 2014.

D. STOCK OPTIONS

At December 31, 2015, there were 960,742 stock options outstanding, each exercisable for one Nexans share, i.e., 2.3% of the Company's capital stock. At December 31, 2014 a total of 1,001,906 options were outstanding, exercisable for 2.4% of the Company's capital stock.

(1) The total payout would also be subject to any stock options that may be exercised between May 12, 2016 (the scheduled date for the 2016 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 2016 Annual Shareholders' Meeting.

The options outstanding at December 31, 2015 can be analyzed as follows:

Plan characteristics

Grant date	Number of options originally granted	Number of options granted as adjusted after the rights issue[(1)]	Number of options outstanding at the year-end	Exercise price *(in euros)*	Exercise price as adjusted after the rights issue [(1)] *(in euros)*	Exercise period
November 23, 2006	343,000	398,317	0	76.09	65.28	From Nov. 23, 2007[(2)] to Nov. 22, 2014
February 15, 2007	29,000	32,147	0	100.94	86.60	From Feb. 15, 2009[(3)] to Feb. 14, 2015
February 22, 2008	306,650	354,841	319,966	71.23	61.11	From Feb. 22, 2009[(2)] to Feb. 21, 2016
November 25, 2008	312,450	358,633	297,378	43.46	37.29	From Nov. 25, 2009[(2)] to Nov. 24, 2016
March 9, 2010	335,490	389,026	343,398	53.97	46.30	From March 9, 2011[(2)] to March 8, 2018
TOTAL	**1,326,590**	**1,532,964**	**960,742**			

(1) See Note 19.I.
(2) Vesting at a rate of 25% per year as from the grant date.
(3) 50% vesting after two years following the grant date and the balance vesting at an annual rate of 25% thereafter.

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.

Changes in the number of options outstanding

	Number of options	Weighted average exercise price *(in euros)*
OPTIONS OUTSTANDING AT BEGINNING OF YEAR	**1,001,906**	**49.05**
Options granted during the year	-	-
Options canceled during the year	(23,680)	46.05
Options exercised during the year	-	-
Options expired during the year	(17,484)	86.60
OPTIONS OUTSTANDING AT THE YEAR-END	**960,742**	**48.44**
▪ of which exercisable at the year-end	960,742	48.44

Valuation of options

The assumptions applied to value the options impacting income for 2014 and 2015 were as follows:

Grant date	Nov. 23, 2006	Feb. 15, 2007	Feb. 22, 2008	Nov. 25, 2008	March 9, 2010
Share price at grant date *(in euros)*	76.09	100.94	71.71	40.59	56.79
Average estimated life of the options	5.75 years	4.75 years	4.5 to 6 years	4.5 to 6 years	4.5 to 6 years
Volatility *(%)*	30.00%	30.00%	33.00%	38.00%	42.00%
Risk-free interest rate *(%)*[(1)]	3.70%	4.00%	3.34% – 3.46%	2.72% – 2.87%	2.04% – 2.54%
Dividend rate *(%)*	1.50%	1.50%	3.13%	4.68%	2.64%
Fair value of each option *(in euros)*[(2)]	22.79	28.22	19.24 – 17.44	9.38 – 8.47	19.71 – 17.85

(1) The method used by the Group to value stock options has been fine-tuned for plans issued since February 22, 2008. Instead of applying an average value per plan, a specific value is calculated for each tranche of the plan based on the estimated life of the corresponding options. This change did not have a material impact on the consolidated financial statements.
(2) Since the November 25, 2008 plan the valuation has also taken into account performance criteria for options granted to members of the Group's Management Council.

The vesting conditions applicable to stock options are described in section 2.5.5.

The fair value of stock options is recorded as a payroll expense from the grant date to the end of the vesting period, with a corresponding adjustment to equity. As no options were in their vesting period in 2015 no corresponding expense was recognized in the income statement. In 2014 net income of 0.4 million euros was recognized in the income statement in relation to stock options.

E. FREE SHARES AND PERFORMANCE SHARES

The Group allocated an aggregate 320,960 free shares and performance shares in 2015 and 311,940 in 2014.

At December 31, 2015 there were 959,096 free shares and performance shares outstanding, each entitling their owner to one share on vesting, representing a total of 2.3% of the Company's capital stock (763,982 at December 31, 2014, representing a total of 1.8% of the Company's capital stock).

The free shares and performance shares outstanding at December 31, 2015 can be analyzed as follows:

Plan characteristics

Grant date	Number of shares originally granted	Number of shares granted as adjusted after the rights issue(1)	Number of shares outstanding at the year-end	End of vesting period
November 21, 2011	113,180	131,237	0	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	32,450	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	303,846	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	301,840	July 24, 2018 for non-French tax residents, and July 24, 2017 followed by a 2-year lock-up period for French tax residents
July 28, 2015	320,960	N/A	320,960	July 28, 2019 for non-French tax residents, and July 28, 2018 followed by a 2-year lock-up period for French tax residents
TOTAL	**1,142,450**		**959,096**	

(1) See Note 19.I.

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.

Movements in outstanding free shares and performance shares

	Number of shares
SHARES OUTSTANDING AT BEGINNING OF YEAR	**763,982**
Shares granted during the year	320,960
Shares canceled during the year	(79,427)
Shares vested during the year	(46,419)
SHARES OUTSTANDING AT THE YEAR-END	**959,096**

Valuation of free shares and performance shares

The assumptions applied to value the shares impacting income for 2014 and 2015 were as follows:

Grant date	Nov. 21, 2011	Nov. 20, 2012	July 24, 2013	July 24, 2014	July 28, 2015
Share price at grant date (in euros)	37.79	33.81	40.21	34.85	36.19
Vesting period	3 to 4 years	3 to 4 years	3 to 4 years	3 to 4 years	3 to 4 years
Volatility (%)(1)	48%	43%	41%	42%	35%
Risk-free interest rate (%)	1.50%	0.25%	0.35%	0.25%	0.00%
Dividend rate (%)	2.0%	2.8%	2.8%	2.3%	2.0%
Fair value of each share (in euros)	24.86 – 36.11	19.82 – 30.23	12.94 – 35.95	11.61 – 31.79	12.04 – 33.41

(1) Only for shares subject to a stock market performance condition.

See also section 2.5.5.

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 2015 income statement this expense totaled 4.7 million euros (excluding 1 million euros in payroll taxes for the 2015 plan). In the 2014 income statement the payroll expense was 3 million euros (excluding 1.1 million euros in payroll taxes for the 2014 plan).

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. The contra entries for this recognition were recorded in Non-controlling interests (1 million euros) and goodwill (3 million euros). 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, 2015 the residual financial liability – which expires in 2016 – represented 2 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.

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.

Out of the proceeds of this employee share issue (net of the related issue costs), 0.5 million euros was recognized in "Capital stock" and 8.8 million euros in "Additional paid-in capital".

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.

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 94% of the Group's pension obligations at December 31, 2015).

	Discount rate – 2015	Estimated future salary increases – 2015	Discount rate – 2014	Estimated future salary increases – 2014
France	2.00%	2.50%	2.00%	2.00%
Germany	2.00%	3.00%	2.00%	3.00%
Norway	2.60%	2.50%	3.50%	3.50%
Switzerland	1.00%	1.50%	1.25%	1.50%
Canada	3.95%	3.50%	3.85%	3.50%
United States	4.50%	3.50%	4.25%	3.50%
Australia	3.50%	2.00%	3.00%	3.00%

The discount rates applied were determined as follows:

a) By reference to market yields on high-quality corporate bonds (rated AA or above) in countries or currency zones where there is a deep market for such bonds. Where there is no deep market for high-quality corporate bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments under a plan, the discount rate is determined by extrapolating market rates on bonds with shorter maturities along the yield curve. This approach was notably used to determine the discount rates in the eurozone, Canada, the United States, Switzerland, South Korea and Australia.
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).

B. PRINCIPAL MOVEMENTS

(in millions of euros)	2015	2014
RETIREMENT COSTS FOR THE YEAR		
Service cost	(20)	(19)
Net interest expense	(10)	(13)
Actuarial gains/(losses) (on jubilee benefits)	2	(0)
Past service cost	4	(2)
Effect of curtailments and settlements	-	0
Impact of asset ceiling	-	-
NET COST FOR THE YEAR	**(24)**	**(34)**
■ of which operating cost	(14)	(21)
■ of which finance cost	(10)	(13)

(in millions of euros)	2015	2014
VALUATION OF BENEFIT OBLIGATION		
PRESENT VALUE OF BENEFIT OBLIGATION AT JANUARY 1	**884**	**812**
Service cost	20	19
Interest expense	21	25
Employee contributions	3	3
Plan amendments	(4)	2
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(12)	(5)
Benefits paid	(50)	(52)
Actuarial (gains)/losses	22	63
Other (exchange differences)	27	17
PRESENT VALUE OF BENEFIT OBLIGATION AT DECEMBER 31	**911**	**884**

(in millions of euros)	2015	2014
PLAN ASSETS		
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**452**	**419**
Interest income	11	12
Actuarial gains/(losses)	(7)	16
Employer contributions	16	18
Employee contributions	3	3
Business acquisitions and disposals	-	-
Plan curtailments and settlements	(12)	(5)
Benefits paid	(27)	(26)
Other (exchange differences)	26	15
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**462**	**452**

(At December 31, in millions of euros)	2015	2014
FUNDED STATUS		
Present value of wholly or partially funded benefit obligations	(576)	(538)
Fair value of plan assets	462	452
FUNDED STATUS OF BENEFIT OBLIGATION	**(114)**	**(86)**
Present value of unfunded benefit obligation	(335)	(346)
BENEFIT OBLIGATION NET OF PLAN ASSETS	**(449)**	**(432)**
Unrecognized surplus (due to asset ceiling)	-	-
NET PROVISION RECOGNIZED	**(449)**	**(432)**
▪ of which pension assets	4	3

(in millions of euros)	2015	2014
CHANGE IN NET PROVISION		
NET PROVISION RECOGNIZED AT JANUARY 1	**432**	**393**
Expense/(income) recognized in the income statement	24	34
Expense/(income) recognized in other comprehensive income	31	47
Utilization	(39)	(43)
Other impacts (exchange differences, acquisitions/disposals, etc.)	1	1
NET PROVISION RECOGNIZED AT DECEMBER 31	**449**	**432**
■ of which pension assets	4	3

C. SIGNIFICANT EVENTS OF THE YEAR

The actuarial losses recognized in 2015 primarily reflect (i) the lower discount rates applied, and (ii) the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation). Retirement costs for the year included the impact of 4 million euros in non-recurring income as a result of the reduction in pension and other retirement benefit obligations recorded due to the restructuring plans put in place for the Group's operations in France.

Actuarial losses recognized in 2014 were mainly due to the lower discount rates applied.

The Group's employer contributions relating to defined benefit plans are estimated at 22 million euros for 2016.

Other retirement benefits for which the Group's employees are eligible correspond to defined contribution plans under which the Group pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions under these plans are recognized immediately as an expense. The amount of contributions paid in relation to defined contribution plans amounted to 87 million euros in 2015 and 86 million euros in 2014.

D. ANALYSIS OF ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses arising on the Group's defined benefit obligation can be analyzed as follows:

	2015		2014	
	in millions of euros	% of DBO	in millions of euros	% of DBO
Discount rate	17	2%	73	8%
Salary increases	(0)	0%	1	0%
Mortality	3	0%	4	0%
Staff turnover	-	0%	0	0%
Other changes in assumptions	2	0%	(1)	0%
(GAINS)/LOSSES FROM CHANGES IN ASSUMPTIONS	**22**	**2%**	**77**	**9%**
(GAINS)/LOSSES FROM PLAN AMENDMENTS	**-**	**0%**	**0**	**0%**
(GAINS)/LOSSES FROM EXPERIENCE ADJUSTMENTS	**0**	**0%**	**(18)**	**(2)%**
OTHER	**0**	**0%**	**4**	**0%**
TOTAL (GAINS)/LOSSES ARISING DURING THE YEAR	**22**	**2%**	**63**	**7%**

E. BREAKDOWN OF PLAN ASSETS BY CATEGORY

The Group's portfolio of plan assets breaks down as follows:

	2015		2014	
	in millions of euros	in %	in millions of euros	in %
Equities[(1)]	149	32%	151	33%
Bonds and other fixed income products[(1)]	174	38%	158	35%
Real estate	83	18%	67	15%
Cash and cash equivalents	12	3%	17	4%
Other	44	9%	59	13%
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**462**	**100%**	**452**	**100%**

(1) All of the instruments recognized under "Equity" 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 2015, 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:

	2015	
	in millions of euros	% of DBO
Europe	748	6.31%
North America	174	6.66%
Asia	29	4.28%
Other countries	17	5.38%
TOTAL	**968**	**6.29%**

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):

	2015	
	in millions of euros	% of DBO
Europe	719	2.18%
North America	164	0.00%
Asia	27	0.00%
Other countries	16	0.01%
TOTAL	**926**	**1.69%**

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, 2015.

Switzerland:

The pension plan of Nexans Suisse S.A. 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 S.A. 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 S.A. 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 12.8 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 11.3 years.

Note 21. Provisions

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2015	2014
Accrued contract costs	38	38
Restructuring provisions	128	130
Other provisions	71	106
TOTAL	**237**	**274**
▪ of which short-term	151	162
▪ of which long-term	86	112

Movements in these provisions were as follows during 2014 and 2015:

(in millions of euros)	TOTAL	Accrued contract costs	Restructuring provisions	Other provisions
AT 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	-	-	-	-
Exchange differences and other	(3)	2	1	(6)
AT DECEMBER 31, 2014	**274**	**38**	**130**	**106**
Additions	120	19	83	17
Reversals (utilized provisions)	(82)	(10)	(68)	(4)
Reversals (surplus provisions)	(73)	(7)	(19)	(47)
Business combinations	-	-	-	-
Exchange differences and other	(2)	(2)	2	(1)
AT DECEMBER 31, 2015	**237**	**38**	**128**	**71**

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 any 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 80 million euros at December 31, 2014 and 38 million euros at December 31, 2015 (see Note 29). As explained in Note 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).

B. ANALYSIS OF RESTRUCTURING COSTS

Restructuring costs amounted to 100 million euros in 2015, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements[1]	Other monetary expenses	Total
Additions to provisions for restructuring costs	79	23	4	106
Reversals of surplus provisions	(19)	(2)	(0)	(21)
Other costs for the year	8	0	7	15
TOTAL RESTRUCTURING COSTS	**68**	**21**	**11**	**100**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

In 2015 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.

The 100 million euro expense recognized under restructuring costs in 2015 mainly corresponds to the Group's reorganization plan for its operations in Europe announced on June 12, 2015 (see **Note 2** for further details), as well as restructuring plans concerning the Asia-Pacific region, Norway and the United States.
"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. The proceeds arising on the sales of assets carried out as part of restructuring plans are deducted from "Other monetary expenses" when the sales are completed.

As was the case in previous years, wherever possible the restructuring plans implemented by the Group in 2015 included assistance measures negotiated with employee representative bodies as well as measures aimed at limiting lay-offs and facilitating redeployment.

In 2014, restructuring costs came to 51 million euros, breaking down as follows:

(in millions of euros)	Redundancy costs	Asset impairment and retirements[1]	Other monetary expenses	Total
Additions to provisions for restructuring costs	33	12	3	48
Reversals of surplus provisions	(8)	(2)	(2)	(12)
Other costs for the year	9	-	6	15
TOTAL RESTRUCTURING COSTS	**34**	**10**	**7**	**51**

(1) Deducted from the carrying amount of the corresponding assets in the consolidated statement of financial position.

The 51 million euro total for 2014 mainly included provisions recognized for downsizing plans in Belgium, France, Germany, the Asia-Pacific region and South America (Brazil, Chile and Peru).

Note 22. Net debt

At both December 31, 2015 and 2014 the Group's long-term debt was rated BB- by Standard & Poor's with a stable outlook.

A. ANALYSIS BY NATURE

(At December 31, in millions of euros)	2015	2014	Notes
ORDINARY BONDS[1]	**598**	**596**	22.B
CONVERTIBLE BONDS[1]	**255**	**452**	22.B
Other long-term borrowings[1]	6	9	
Short-term borrowings and short-term accrued interest not yet due[2]	340	190	
Short-term bank loans and overdrafts	14	23	
GROSS DEBT	**1,213**	**1,270**	
Short-term financial assets	-	-	
Cash	(447)	(546)	
Cash equivalents	(565)	(264)	
NET DEBT	**201**	**460**	

(1) Excluding short-term accrued interest not yet due.
(2) The 2016 OCEANE bonds were reclassified to short-term debt in 2015.

Since the second quarter of 2010, short-term borrowings have included a securitization program (the "On-Balance Sheet" program) set up by Nexans France involving the sale of euro-denominated trade receivables, which is contractually capped at 110 million euros (see Note 17).

B. BONDS

(At December 31, in millions of euros)	Carrying amount	Face value at issue date	Maturity date	Nominal interest rate	Strike price[3] *(in euros)*
2016 OCEANE convertible/exchangeable bonds	221	213	January 1, 2016	4.00%	53.15
2019 OCEANE convertible/exchangeable bonds	262	275	January 1, 2019	2.50%	72.74
TOTAL CONVERTIBLE BONDS[1]	**483**	**488**			
Ordinary bonds redeemable in 2017	363	350	May 2, 2017	5.75%	N/A
Ordinary bonds redeemable in 2018	257	250	March 19, 2018	4.25%	N/A
TOTAL ORDINARY BONDS[2]	**620**	**600**			

(1) Including 15 million euros in short-term accrued interest.
(2) Including 22 million euros in short-term accrued interest.
(3) Redemption price at face value. The conversion ratio is 1.1250 shares for each 2016 and 2019 OCEANE bond.

At December 31, 2015, the Group's debt included two issues of convertible bonds maturing on January 1, 2016 and January 1, 2019 respectively (the 2016 OCEANE bonds and the 2019 OCEANE 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 2016 OCEANE bonds and June 1, 2018 or the first business day thereafter for the 2019 OCEANE bonds).
On January 1, 2015 this option was only exercised for 388 bonds out of the total 4,000,000 2016 OCEANE bonds issued. Consequently, in accordance with IAS 39 (AG8), the amortized cost of the 2016 OCEANE 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. As no bonds were exchanged for shares during the conversion period in 2015, the 3,999,612 bonds outstanding at the maturity date will be redeemed on January 4, 2016 for an aggregate amount of 221 million euros, including accrued interest.

The 2016 OCEANE bonds were reclassified to short-term debt at December 31, 2015 as their maturity was within twelve months of that date.

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 (2016 OCEANE) and 41.2 million euros (2019 OCEANE) at their respective issue dates.

Consolidated statement of financial position

(At December 31, in millions of euros)	2015	2014
EQUITY COMPONENT (RETAINED EARNINGS AND OTHER RESERVES), BEFORE TAX	78	78
Convertible bonds (liability component)	395	395
Accrued interest	88	72
FINANCIAL LIABILITIES	**483**	**467**

Income statement

(in millions of euros)	2015	2014
Contractual interest paid	(15)	(15)
Additional interest calculated at interest rate excluding the option	(16)	(7)
TOTAL FINANCIAL EXPENSE	**(31)**	**(22)**

C. ANALYSIS OF GROSS DEBT BY CURRENCY AND INTEREST RATE

Long-term debt (excluding short-term accrued interest not yet due)

(At December 31)	Weighted average EIR [1] (%)		In millions of euros	
	2015	2014	2015	2014
2019 OCEANE convertible/exchangeable bonds	5.73	5.73	255	248
2016 OCEANE convertible/exchangeable bonds[2]	N/A	8.48	N/A	204
Ordinary bonds redeemable in 2017	5.95	5.95	349	348
Ordinary bonds redeemable in 2018	4.53	4.53	249	248
Other	1.05	1.12	6	9
TOTAL	**5.44**	**6.01**	**859**	**1,057**

(1) Effective interest rate.
(2) The 2016 OCEANE bonds were reclassified to short-term debt in 2015.

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

(At December 31)	Weighted average EIR[1] (%)		In millions of euros	
	2015	2014	2015	2014
2016 OCEANE convertible/exchangeable bonds	8.48	N/A	213	N/A
Euro (excluding OCEANE convertible/exchangeable bonds)	2.96	2.23	29	41
US dollar	2.21	3.48	18	20
Other	4.93	6.31	57	114
TOTAL SHORT-TERM DEBT EXCLUDING ACCRUED INTEREST	**6.98**	**5.04**	**317**	**175**
Accrued interest (including short-term accrued interest on long-term debt)	N/A	N/A	37	38
TOTAL SHORT-TERM DEBT	**6.98**	**5.04**	**354**	**213**

(1) Effective interest rate.

At December 31, 2015, US dollar-denominated debt primarily concerned subsidiaries located in Lebanon and Peru.

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 (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 (excluding the 2016 OCEANE convertible/exchangeable bonds) is at variable rates.

D. ANALYSIS BY MATURITY (INCLUDING ACCRUED INTEREST)

Nexans Services, a wholly-owned Nexans subsidiary, is responsible for the Group's centralized cash management. However, in its capacity as parent company, Nexans S.A. 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, 2015

(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	20	-	-	350	40
Bonds redeemable in 2018	-	11	250	21	-	-	250	32
2016 OCEANE convertible/ exchangeable bonds	213	8	-	-	-	-	213	8
2019 OCEANE convertible/ exchangeable bonds	-	7	275	21	-	-	275	28
Other long-term borrowings	-	0	5	0	1	-	6	0
Short-term borrowings including short-term bank loans and overdrafts	104	2	-	-	-	-	104	2
TOTAL	**317**	**48**	**880**	**62**	**1**	**-**	**1,198**	**110**

Notes concerning the preparation of the maturity schedule:

- Only 388 out of the total 4,000,000 2016 OCEANE 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 2019 OCEANE convertible/exchangeable bonds will be redeemed on January 2, 2019.
- Foreign exchange and interest rate derivatives used to hedge the Group's external debt are not material at the level of the Group.
- The euro equivalent amount for borrowings in foreign currencies has been calculated using the year-end exchange rate at December 31, 2015.
- 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 2016.
- The interest cost has been calculated based on contractual interest rates for fixed-rate borrowings and on weighted average interest rates at December 31, 2015 for variable-rate borrowings (see **Note 22.C** above).

Note 23. Trade payables and other current liabilities

(At December 31, in millions of euros)	2015	2014
TRADE PAYABLES	**1,163**	**1,162**
Social liabilities	221	219
Current income tax payables	36	31
Other tax payables	19	27
Deferred income	3	3
Other payables	53	38
OTHER CURRENT LIABILITIES	**332**	**318**

At December 31, 2015, trade payables included approximately 224 million euros (202 million euros at December 31, 2014) related to copper purchases whose payment periods can be longer than usual for such supplies.
Amounts due to suppliers of fixed assets totaled 12 million euros at December 31, 2015 (14 million euros at December 31, 2014).

Note 24. Derivative instruments

Notional amounts and market value *(in millions of euros)*	December 31, 2015							December 31, 2014		
	Notional amounts					Market value		Notional amounts	Market value	
	USD	NOK	EUR	Other	Total	Assets	Liabilities		Assets	Liabilities
FOREIGN EXCHANGE DERIVATIVES – CASH FLOW HEDGES(1)						42	47		28	23
Forward sales	458	424	418	381	1,681			1,480		
Forward purchases	350	690	356	274	1,670			1,475		
FOREIGN EXCHANGE DERIVATIVES – HELD FOR TRADING(1)						16	21		14	45
Forward sales	409	183	616	338	1,546			1,542		
Forward purchases	645	64	491	345	1,545			1,521		
METAL DERIVATIVES – CASH FLOW HEDGES(1)						1	64		1	15
Forward sales	23	0	17	4	44			40		
Forward purchases	317	0	125	12	454			264		
METAL DERIVATIVES – HELD FOR TRADING(1)						1	3		0	3
Forward sales	23	0	1	5	29			56		
Forward purchases	40	0	14	19	73			102		
TOTAL						60	135		43	86

(1) Within the meaning of IAS 32/39. Nexans' derivative instruments primarily correspond to foreign exchange derivatives used to hedge intra-Group borrowings. Gains or losses arising on the fair value remeasurement of the derivatives are offset by the losses or gains arising on remeasurement of the underlying hedged items, which are recognized as financial income or expenses.

- Foreign exchange derivatives:

In 2015 the Group recorded a 3 million euro loss relating to the ineffective portion of its foreign exchange derivatives. 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 16 million euro gain was recognized in the consolidated statement of comprehensive income in 2015 for foreign exchange derivatives designated as cash flow hedges and a 4 million euro loss was reclassified to the income statement.

- 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 2015.

An aggregate 70 million euro loss was recognized in the consolidated statement of comprehensive income in 2015 for metal derivatives designated as cash flow hedges and an 18 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, 2015 are located in Morocco, China, South Korea, Peru, Brazil 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, 2015, 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 two-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 two-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, 2015, 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 2016 and 2019 OCEANE bonds (see **Note 22**).
- Issues of ordinary bonds maturing in 2017 and 2018 (see **Note 22**).
- A syndicated credit facility:
  - At December 31, 2014, Nexans S.A. and its subsidiaries had access to 597 million euros under a medium-term syndicated credit facility expiring on December 1, 2016.
  - In order to maintain the Group's medium-term access to liquidity, Nexans decided to renew this facility in advance by negotiating a new syndicated credit facility with a pool of French and international banks. On December 14, 2015 Nexans and Nexans Services therefore signed a new five-year syndicated loan agreement covering a total amount of 600 million euros. This new loan agreement contains similar clauses to those applicable to the previous syndicated credit facility.
  - At December 31, 2015, Nexans and its subsidiaries therefore had access to a medium-term confirmed credit facility of 600 million euros.

- Receivables securitization and factoring programs:
  - The Group's existing securitization program – set up on March 29, 2010 and covering the securitization of trade receivables in France and Germany – was renewed on March 30, 2015 for a maximum period of five years. This program still includes two separate parts: an "Off Balance Sheet" program and an "On Balance Sheet" program (see **Note 17**). The amount of receivables that may be sold under the Off Balance Sheet program is currently capped at 25 million euros. This program is renewable every six months and the transfer of the risks and rewards of ownership of the receivables does not give rise to any risk of dilution. At December 31, 2015, financed receivables under the Off Balance Sheet program represented an outstanding amount of 13 million euros (19 million euros at December 31, 2014).
  - Factoring programs set up in Norway under which the amount of sold receivables totaled 70 million euros at December 31, 2015 (50 million euros at December 31, 2014).
  - Factoring programs set up in Morocco under which the amount of sold receivables totaled 26 million euros at December 31, 2015.
  - During the first half of 2015, the Group sold CIR and CICE tax receivables for 22 million euros net of fees.
- Local credit facilities.

Covenants and acceleration clauses

The 600 million euro syndicated credit facility, which expires on December 14, 2020, contains the following covenants:

- the consolidated net debt to equity ratio (including Non-controlling interests) must not exceed 1.10; and
- consolidated debt must not exceed 3x consolidated EBITDA.

For the purpose of this calculation consolidated EBITDA is defined as operating margin before depreciation.

These ratios were well within the specified limits at both December 31, 2015 and at the date the Board of Directors approved the financial statements.

The Group is not subject to any other financial ratio covenants.

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.

This syndicated loan agreement, together with the indentures for the 2019 OCEANE 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 renewed on March 30, 2015 for a maximum five-year term contain clauses similar to those negotiated when the original program was set up in 2010. Consequently these new programs 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, 2015 the bulk of this debt corresponded to the 2019 OCEANE bonds and the ordinary bonds redeemable in 2017 and 2018.
- All of the Group's short-term debt at December 31, 2015 (excluding the 2016 OCEANE bonds) 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 915 million euros at December 31, 2015 and 634 million euros at December 31, 2014.

The Group did not have any interest rate hedges in place at either December 31, 2015 or December 31, 2014.

(At December 31, in millions of euros)	2015			2014		
	Current	Non-current	Total	Current	Non-current	Total
VARIABLE RATE						
Financial liabilities[(1)]	97	4	101	176	5	181
Cash and cash equivalents	(1,012)	-	(1,012)	(810)	-	(810)
NET VARIABLE RATE POSITION	**(915)**	**4**	**(911)**	**(634)**	**5**	**(629)**
FIXED RATE						
Financial liabilities[(1)]	257	855	1,112	37	1,052	1,089
NET FIXED RATE POSITION	**257**	**855**	**1,112**	**37**	**1,052**	**1,089**
NET DEBT	**(658)**	**859**	**201**	**(597)**	**1,057**	**460**

(1) Including the short-term portion of accrued interest not yet due on long-term debt.

C. FOREIGN EXCHANGE AND METAL PRICE RISKS

The Group's policy for managing non-ferrous metals risks is defined and overseen by the Metals Management Department and is implemented by the subsidiaries that purchase copper, aluminum and, to a lesser extent, lead. The Group's main exposure to metal price risk arises from fluctuations in copper prices.

The Group's sensitivity to foreign exchange risk on operating cash flows is considered to be moderate due to its operational structure, whereby the majority of Nexans' operating subsidiaries have a very strong local presence, except in the high-voltage business.

The Group's policy is to hedge its foreign exchange and non-ferrous metal price risks on cash flows relating to (i) foreseeable significant contractual commercial transactions, and (ii) certain forecast transactions. The operations arising from this hedging activity may result in certain positions being kept open. Where this happens, the positions are limited in terms of amount and tenor and they are overseen by the Metals Management Department for metal hedges and the Treasury and Financing Department for foreign exchange hedges.

The Group's foreign exchange risk exposure primarily relates to operations-based 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 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 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 prices, 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 minimum 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, 2015, 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 2015. 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. As a result of the current economic climate it is more difficult to obtain credit risk coverage in Brazil, Argentina and Turkey, while in Russia and Greece credit insurers are still selective and coverage remains limited.

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 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, 2015 (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:

(At December 31, in millions of euros)	2015		2014	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	2,783	2,794	2,901	2,932
Between 1 and 2 years	374	373	95	90
Between 2 and 3 years	55	60	-	-
Between 3 and 4 years	3	0	-	-
Between 4 and 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**3,215**	**3,227**	**2,996**	**3,022**

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, 2015 – 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 to this broker. 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 4.5 million euros at December 31, 2015 and 4.9 million euros at December 31, 2014.

(At December 31, in millions of euros)	2015		2014	
	Notional amounts Buyer positions	Notional amounts Seller positions	Notional amounts Buyer positions	Notional amounts Seller positions
Within 1 year	368	73	302	96
Between 1 and 2 years	73	-	62	0
Between 2 and 3 years	33	-	2	-
Between 3 and 4 years	24	-	-	-
Between 4 and 5 years	29	-	-	-
Beyond 5 years	-	-	-	-
TOTAL	**527**	**73**	**366**	**96**

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, 2015, unchanged from one year earlier.

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, 2015. These Nexans Services deposits and investments amounted to an aggregate 601 million euros at that date, representing 59% of the Group total.

(At December 31, 2015, in millions of euros)

COUNTERPARTY RATING	AA-	A+	A	A-	BBB+	Money market funds (SICAV)	Total
Cash on hand	3	14	2	-	11	-	30
Short-term money market funds (OPCVM)[1]	-	-	-	-	-	509	509
Certificates of deposit/EMTN	-	-	59	3	-	-	62
TOTAL	**3**	**14**	**61**	**3**	**11**	**509**	**601**

(1) Based on the AMF classification.

For the Group's other subsidiaries, counterparty risk on deposits and investments is managed in accordance with the principles and procedures described in Note 25.A.

E. MARKET RISK SENSITIVITY ANALYSIS

A sensitivity analysis is provided below on the impact that a theoretical change in the above-mentioned main market risks would have on consolidated income and equity.

Sensitivity to changes in copper prices

Fluctuations in copper prices can impact both consolidated income and equity as well as the Group's financing needs. Sensitivity calculations are based on an assumed increase in copper prices. A fall in copper prices would have the inverse effect.

A rise in copper prices would result in:

- An increase in working capital requirement and therefore financing needs (any short-term positive impact of margin calls is not taken into account in the sensitivity analysis).
- A rise in the fair value of the Group's portfolio of cash-settled copper derivatives (the Group is a net buyer).
- A revaluation of the Group's Core exposure.

A rise in working capital requirement would increase the Group's financial expenses.

An increase in the fair value of cash-settled copper derivatives would positively affect either consolidated operating income or equity, based on the accounting treatment used for these derivative instruments (the derivatives of the Group's main subsidiaries are designated as cash flow hedges within the meaning of IAS 39).

A revaluation of the Group's Core exposure would positively affect consolidated operating income.

The simulation below is based on the following assumptions (with all other assumptions remaining constant, notably exchange rates):

- A 10% increase in copper prices at December 31, 2015 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.
- 56,000 tonnes and 98,000 tonnes of copper included in working capital requirement at December 31, 2015 and 2014 respectively.
- Short-term interest rate (3-month EURIBOR) of -0.13% in 2015 and -0.02% in 2014.
- 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).
- 58,455 tonnes of copper classified as Core exposure at December 31, 2015 (58,425 tonnes at December 31, 2014).
- A theoretical income tax rate of 34.43% for 2015 and 2014.

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)	2015	2014
Impact on operating income	31	34
Impact on net financial expense	0	0
NET IMPACT ON INCOME (AFTER TAX)	**21**	**22**
IIMPACT ON EQUITY[1] (AFTER TAX)	**19**	**13**

(1) 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, 2015 and 2014, e.g., using US dollar/euro exchange rates of 1.20 and 1.34 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, 2015 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	(10)	N/A
Bank accounts	(3)	N/A
Trade payables	10	N/A
Loans/borrowings	(10)	-
NET POSITION – USD UNDERLYINGS[3]	**(13)**	-
Portfolio of forward purchases[4]	(22)	(16)
Portfolio of forward sales[4]	23	25
NET POSITION – USD DERIVATIVES	**1**	**9**
NET IMPACT ON THE GROUP	**(12)**	**9**

Sensitivity at December 31, 2014 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	(12)	N/A
Bank accounts	(3)	N/A
Trade payables	14	N/A
Loans/borrowings	(11)	-
NET POSITION – USD UNDERLYINGS[3]	**(12)**	-
Portfolio of forward purchases[4]	(37)	(4)
Portfolio of forward sales[4]	41	11
NET POSITION – USD DERIVATIVES	**4**	**7**
NET IMPACT ON THE GROUP	**(8)**	**7**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Impact primarily due to net open positions in countries whose currencies are very closely correlated to the US dollar.
(4) Forward purchases and sales that comprise an exposure to US dollars.

Sensitivity to the Norwegian krone

The Norwegian krone (NOK) is an essential counterparty currency used in contracts for submarine high-voltage cables.

The simulation below is based on similar assumptions to those used for the US dollar (i.e., a 10% decrease in the Norwegian krone spot rate against the world's other major currencies), e.g., using closing NOK/euro exchange rates of 10.6 and 9.9 at December 31, 2015 and 2014 respectively, without any changes in the forward points curve.

Sensitivity at December 31, 2015 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	0	N/A
Bank accounts	1	N/A
Trade payables	(0)	N/A
Loans/borrowings	9	-
NET POSITION – NOK UNDERLYINGS	**10**	-
Portfolio of forward purchases[3]	(7)	22
Portfolio of forward sales[3]	2	(38)
NET POSITION – NOK DERIVATIVES	**(9)**	**(16)**
NET IMPACT ON THE GROUP	**1**	**(16)**

Sensitivity at December 31, 2014 *(in millions of euros)*	Impact on income (net after tax[2])	Impact on equity[1] (after tax[2])
Trade receivables	1	N/A
Bank accounts	1	N/A
Trade payables	(2)	N/A
Loans/borrowings	2	-
NET POSITION – NOK UNDERLYINGS	**2**	-
Portfolio of forward purchases[3]	1	-
Portfolio of forward sales[3]	(1)	15
NET POSITION – NOK DERIVATIVES	**(0)**	**15**
NET IMPACT ON THE GROUP	**2**	**15**

(1) Excluding net income (loss) for the period.
(2) Using a theoretical income tax rate of 34.43%.
(3) Forward purchases and sales that comprise an exposure to the Norwegian krone.

Note 26. Additional disclosures concerning financial instruments

A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group has defined the following main categories of financial assets and liabilities:

(At December 31, in millions of euros)	IAS 39 category	Fair value hierarchy level	2015		2014	
			Carrying amount	Fair value	Carrying amount	Fair value
ASSETS						
Available-for-sale securities	Available-for-sale financial assets		13	13	14	14
Other non-current financial assets	Loans and receivables		33	33	56	56
Commercial receivables						
■ Amounts due from customers on construction contracts	Loans and receivables		172	172	213	213
■ Trade receivables	Loans and receivables		924	924	1,009	1,009
Derivative instruments[(1)]	Financial assets at fair value through profit or loss	Foreign exchange: 2 Metal: 1	58 1	58 1	42 1	42 1
Other current financial assets	Loans and receivables		100	100	107	107
Cash and cash equivalents	Financial assets at fair value through profit or loss	Term deposits: 2 Other: 1	565 447	1 012	264 546	810
LIABILITIES						
Gross debt						
■ Convertible bonds	Financial liabilities at amortized cost		483	512	467	483
■ Ordinary bonds	Financial liabilities at amortized cost		620	649	618	657
■ Other financial liabilities	Financial liabilities at amortized cost		110	110	185	185
Commercial payables						
■ Amounts due to customers on construction contracts	Financial liabilities at amortized cost		185	185	159	159
■ Trade payables	Financial liabilities at amortized cost		1,163	1,163	1,162	1,162
Derivative instruments[(1)]	Financial liabilities at fair value through profit or loss	Foreign exchange: 2 Metal: 1	68 67	68 67	68 18	68 18
Other current financial liabilities	Financial liabilities at amortized cost		292	292	284	284

(1) Derivatives designated as cash flow hedges are carried at fair value through other comprehensive income. Derivatives not designated as cash flow hedges are carried at fair value through profit or loss.

At December 31, 2015 the Group's fixed rate debt mainly comprised its ordinary bonds redeemable in 2017 and 2018 as well as the liability component of its 2016 and 2019 OCEANE 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, 2015 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, 2015 (33.70 euros).
ii. The spot price of the OCEANE bonds at December 31, 2015 (55.28 euros and 77.05 euros for the 2016 OCEANE bonds and 2019 OCEANE bonds respectively).
iii. A three-year euro swap rate of 0.06% for the 2019 OCEANE bonds. The term applied corresponds to the term of the investors' put options on the convertible bonds.
iv. A three-year credit spread of 196 basis points for the 2019 OCEANE bonds, based on a 32% 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, 2014 was determined 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 2016 OCEANE bonds and 2019 OCEANE bonds respectively).
iii. A one-year euro swap rate of 0.15% for the 2016 OCEANE bonds and a four-year euro swap rate of 0.28% for the 2019 OCEANE 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 2016 OCEANE bonds, based on 30% implicit volatility, and a four-year credit spread of 330 basis points for the 2019 OCEANE 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.

B. CALCULATIONS OF NET GAINS AND LOSSES

2015 (in millions of euros)	Net gains (losses)					
	Interest	On subsequent remeasurement			On disposal	2015 total
		Fair value adjustments	Currency translation differences	Impairment		
OPERATING ITEMS						
Receivables	N/A	N/A	16	(9)	-	7
Financial assets and liabilities at fair value through profit or loss	N/A	(34)	N/A	N/A	-	(34)
Financial liabilities at amortized cost	N/A	N/A	6	N/A	-	6
Cost of hedging						*(0)*
SUB-TOTAL – OPERATING ITEMS	0	(34)	22	(9)	0	(21)
FINANCIAL ITEMS						
Available-for-sale financial assets		-	-	(1)	-	(1)
Loans	1	N/A	34	(3)	-	32
Financial assets and liabilities at fair value through profit or loss	N/A	(22)	N/A	N/A	-	(22)
Financial liabilities at amortized cost	(81)	N/A	(2)	0	-	(83)
Cost of hedging						*(5)*
SUB-TOTAL – FINANCIAL ITEMS	(80)	(22)	32	(4)	0	(79)
TOTAL	**(80)**	**(56)**	**54**	**(13)**	**0**	**(100)**

- 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 5 million euros in 2015 and 9 million euros in 2014. 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, 2015 and 2014:

(in millions of euros)	Total	Payments due by maturity		
		Within 1 year	Between 1 and 5 years	Beyond 5 years
AT DECEMBER 31, 2015	**110**	**34**	**57**	**19**
At December 31, 2014	82	31	46	5

Note 28. Related party transactions

Related party transactions primarily concern commercial and financial transactions carried out with the Quiñenco group – Nexans' principal shareholder – as well as with associates, non-consolidated companies and directors and key management personnel (whose total compensation is presented in the table set out in Note 28.D below).

A. INCOME STATEMENT

(in millions of euros)	2015	2014
REVENUE		
■ Non-consolidated companies	61	53
■ Joint ventures	-	-
■ Associates	4	11
COST OF SALES		
■ Non-consolidated companies	(3)	(3)
■ Joint ventures	-	-
■ Associates	(12)	(5)

B. STATEMENT OF FINANCIAL POSITION

The main items in the statement of financial position affected by related party transactions in 2015 and 2014 were as follows:

(At December 31, in millions of euros)	2015	2014
ASSETS		
■ Non-consolidated companies	7	8
■ Joint ventures	-	-
■ Associates	6	7
FINANCIAL LIABILITIES/(RECEIVABLES)		
■ Non-consolidated companies	(11)	(9)
■ Joint ventures	-	-
■ Associates	4	-
OTHER LIABILITIES		
■ Non-consolidated companies	2	1
■ Joint ventures	-	-
■ Associates	6	16

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 S.A.. 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 S.A. 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, 2015, the Quiñenco group (through Invexans) held approximately 29% of Nexans S.A.'s capital and voting rights, unchanged from December 31, 2014.

At December 31, 2015 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, 2015.

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. Since October 1, 2014, Key Management Personnel have corresponded 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)	2015	2014
Compensation for corporate officer positions(1)	2.8	1.2
Directors' fees(1)	0.0	0.0
Compensation under employment contracts and benefits in kind(1)	3.4	8.1
Stock options(2)	-	0.0
Performance shares(2)	2.5	2.0
Termination benefits(1)	-	-
Long-term incentive plan(2)	0.2	0.2
Accruals for pension and other retirement benefit obligations(3)	5.0	6.2
TOTAL COMPENSATION	**13.9**	**17.7**

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

Additional information on the compensation of Key Management Personnel (corporate officers and members of the Management Board):

- Changes in the Company's governance structure: Arnaud Poupart-Lafarge joined the Group on July 26, 2013 as Chief Operating Officer and was a member of the Management Council. On July 24, 2015, 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 as from October 1, 2014.

- The Group's total obligation for pensions and other retirement benefits relating to Key Management Personnel (net of plan assets) amounted to 15 million euros at December 31, 2015, compared with 7 million euros at December 31, 2014. Due to the reorganization of October 1, 2014, the notion of Key Management has evolved. In 2013 and until that date, it included members of the Management Council of Nexans Group. As from October 1, 2014, the Key Management Personnel are the corporate officers and members of the Management Board.

- On July 24, 2015, 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 Management Personnel, a 0.2 million euro provision was recognized at December 31, 2015 in relation to the long-term compensation plans, and 2.5 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 2.5.3.

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 and approved at the Annual Shareholders' Meeting held on May 5, 2015:

- 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 1 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 2.5.4.

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 and approved at the Annual Shareholders' Meeting held on May 5, 2015:

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

In early July 2014, Nexans France SAS paid the 70.6 million euro fine imposed by the European Commission (within 90 days of receiving the notification of the decision as provided for in European regulations).

At June 30, 2014, Nexans France SAS booked an 80 million euro provision for risks to cover the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity. As an indirect consequence of the decision, one of the Group's competitors which has been subject to follow-on damages claims in the United Kingdom since the beginning of 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans.

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada.

Certain Group companies in this sector of business are still under investigation by the antitrust authorities in Australia, South Korea (in addition to ongoing investigations into local operations as described below) and Brazil. A hearing took place in relation to the Australian proceedings in 2015 and the Group expects the related decision to be issued during 2016.

In view of the recent events related to antitrust proceedings described above, at December 31, 2015 Nexans France SAS reduced the amount of the related provision for risks to 38 million euros.

The provision is based on assumptions that take into account consequences in similar cases as well as on management's estimates using currently available information. Consequently, there is still uncertainty as to the extent of the risks related to potential claims and/or fines in the other countries where investigations or procedures are currently ongoing. The final costs related to these risks could therefore be significantly different from the amount of the provision recognized at December 31, 2015.

In addition, as mentioned above, two of Nexans' Korean subsidiaries are being investigated by local antitrust authorities in relation to activities other than high-voltage power cables.

As explained in the Group's previous communications, as part of several procedures related to the antitrust investigations carried out by South Korea's antitrust authority (the "KFTC"), in recent years fines of approximately 4 million euros have been imposed on two Nexans subsidiaries in South Korea, and customers have subsequently filed claims. In January 2015, a Korean civil court issued a judgment pursuant to which the Korean subsidiaries concerned paid a customer the equivalent of 2 million euros. The customer has appealed this judgment.

Nexans' local Korean subsidiaries are cooperating with the KFTC in additional investigations into businesses other than the high-voltage business for which no administrative or criminal court decisions have yet been taken, except for a case for which a ruling was handed down in 2015 and the KFTC exempted the Korean subsidiaries from paying a fine.

The Group has recorded a 5 million euro provision for these local investigations and subsequent customer claims (both existing and potential). The provision is based on management's estimates using currently available information. Consequently, there is still uncertainty as to the extent of the risks related to these procedures and any potential customer claims.

Investigations have also been launched in Australia and Spain concerning businesses other than the high-voltage business. The Group's Australian subsidiary Olex Australia Pty Ltd was informed on December 3, 2014 of the commencement of court proceedings by the Australian Competition and Consumer Commission (the "ACCC"). The proceedings involve cable wholesalers and manufacturers in Australia, including Olex. They relate to initiatives taken in 2011 to deal with supply chain inefficiencies involving Olex's wholesaler customers for low-voltage cables, which the ACCC alleges involved competition law violations. Olex defended itself against these allegations during hearings held in December 2015, and the related judgment is expected in the first half of 2016. In Spain, in early July 2015 Nexans Iberia received a request for information as part of an investigation carried out by the Spanish competition authorities in relation to low- and medium-voltage power cables.

B. OTHER DISPUTES AND PROCEEDINGS GIVING RISE TO THE RECOGNITION OF PROVISIONS

For cases where the criteria are met for recognizing provisions, the Group considers the resolution of the disputes and proceedings concerned will not materially impact the Group's results in light of the provisions recorded in the financial statements. Depending on the circumstances, this assessment takes into account the Group's insurance coverage, any third-party guarantees or warranties and, where applicable, evaluations by the independent counsel of the probability of judgment being entered against the Group. The most significant of these cases is as follows:

- 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 refuted this claim. 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. It cannot be ruled out that a lawsuit will be filed and that it will involve an amount higher than the compensation claimable from the third party.

The Group considers that the other existing or probable disputes for which provisions were recorded at December 31, 2015 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:

- In 2012, Nexans Inc. initiated proceedings to invalidate a number of patents held by Belden for data network cables, and Belden lodged infringement lawsuits against Nexans Inc. The United States Patent and Trademark Office reviewed the patents concerned and declared that they were invalid. This decision was then upheld by the Federal Court of Appeal.

As at December 31, 2015, certain contracts entered into by the Group could lead to performance difficulties, although the Group currently considers that those difficulties do not justify the recognition of provisions in the 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, 2015 and 2014 are set out below.

A. COMMITMENTS RELATED TO THE GROUP'S SCOPE OF CONSOLIDATION

Receivables securitization program

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

At December 31, 2015, 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 39 million euros for the portion covering the subsidiaries' payment obligations and 155 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2015 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 at December 31, 2013, 1 million euros at December 31, 2014 and 0.6 million euros at December 31, 2015).

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, 2015 the residual amount in this escrow account was 5 million US dollars.

Acquisition of the cables business of Invexans (formerly Madeco)

When Nexans acquired the cables business of the Chile-based group Madeco on September 30, 2008 it took over a number of pending or potential disputes. The most significant of these, subject to certain deductibles, are covered by the seller's warranty granted by Madeco under the purchase agreement. A provision was recorded for this business's liabilities and contingent liabilities when the Group completed the initial accounting for the acquisition in accordance with IFRS 3.
A settlement agreement was entered into on November 26, 2012 between the Company, Nexans Brasil and the Madeco group concerning the amounts payable by the Madeco group to Nexans Brasil in relation to the outcome of civil, employment law and tax proceedings in Brazil.

Under the terms of this agreement Madeco undertook to pay Nexans Brasil a lump sum of around 23.6 million Brazilian reals (approximately 9.4 million euros). In return, the Madeco group was released from any obligation to pay compensation with respect to the civil and employment law proceedings in progress that were specified in the settlement agreement, except if the total amount of related losses incurred by the Company exceeds a certain limit. Some of the tax proceedings in Brazil relating to the period prior to the acquisition, or in progress at the time of the acquisition and still ongoing at the date of the settlement agreement, remain governed by the terms of previous agreements entered into between the parties. 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.

The payments provided for under the above-described settlement agreements had been made by December 31, 2014 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, 2015 or 2014.
- Syndicated credit facility: when the Group's new syndicated credit facility 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, 2015.

Commitments received

At December 31, 2015 the Group had access to a 600 million euro syndicated credit facility expiring on December 14, 2020, 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, which was renewed on March 30, 2015 for a maximum term of five years. The amount of receivables that may be sold is capped at 25 million euros for the Off-Balance Sheet program and at 110 million euros for the On-Balance Sheet program (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)	2015	2014	Note
COMMITMENTS GIVEN			
Forward purchases of foreign currencies(1)	3,215	2,996	Note 24
Forward purchases of metals	527	366	Note 24
Firm commitments to purchase property, plant and equipment	43	38	
Commitments for third-party indemnities	2,547	2,161	See (1) below
Take-or-pay copper purchase contracts (in tonnes)	106,062	116,451	See (2) below
Future minimum payments under non-cancelable operating leases	110	82	Note 27
COMMITMENTS RECEIVED			
Forward sales of foreign currencies(1)	3,227	3,022	Note 24
Forward sales of metals	73	96	Note 24
Commitments to sell copper at set prices	122,888	99,883	See (2) below
Other commitments received	142	144	

(1) Including derivatives used to hedge the Group's net debt.

(1) Commitments for third-party indemnities

- Group companies generally give customers warranties on the quality of the products sold without taking out bank guarantees or bonds. They have, however, also given commitments to banks and other third parties, in particular financial institutions, which have issued guarantees or performance bonds to customers, and guarantees to secure advances received from customers (801 million euros and 779 million euros at December 31, 2015 and 2014 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, 2015 the Group had granted parent company guarantees in an amount of 1,746 million euros (1,383 million euros at December 31, 2014). 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 presented 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, 2015.

Companies by geographic area	% control	% interest	Consolidation method(1)
FRANCE			
Nexans S.A.(2)	**100%**	**100%**	**Parent company**
Nexans Participations	100%	100%	
Lixis	100%	100%	
Nexans France	100%	100%	
Nexans Interface	100%	100%	
Eurocable	100%	100%	
Recycables	36.5%	36.5%	Equity method
Nexans Power Accessories France	100%	100%	
BELGIUM			
Nexans Benelux S.A.	100%	100%	
Nexans Harnesses	100%	100%	
Nexans Network Solutions NV	100%	100%	
Nexans Services(3)	100%	100%	
Opticable S.A. NV	60%	60%	
Cabliance Belgique	50%	50%	Equity method
GERMANY			
Nexans Deutschland GmbH	100%	100%	
Nexans Superconductors GmbH	100%	100%	
Metrofunkkabel Union GmbH	100%	100%	
Nexans Auto Electric GmbH(4)	100%	100%	
Confecta GmbH Deutschland(5)	100%	100%	
Nexans Power Accessories Deutschland GmbH	100%	100%	

Companies by geographic area	% control	% interest	Consolidation method[1]
NORTHERN EUROPE			
Nexans Nederland BV	100%	100%	
Nexans Norway A/S	100%	100%	
Nexans Suisse S.A.	100%	100%	
Nexans Re[6]	100%	100%	
Nexans Logistics Ltd	100%	100%	
Nexans Sweden AB	100%	100%	
Nexans Denmark	100%	100%	
Axjo Kabel AG	100%	100%	
SOUTHERN EUROPE			
Nexans Iberia SL	100%	100%	
Nexans Italia SpA	100%	100%	
Nexans Partecipazioni Italia Srl	100%	100%	
Nexans Intercablo SpA	100%	100%	
Nexans Hellas S.A.[2]	71.75%	71.75%	
Nexans Turkiye Endustri Ve Ticaret AS	100%	100%	
EASTERN EUROPE			
Nexans Russia	100%	100%	
NORTH AMERICA			
Nexans Canada Inc	100%	100%	
Nexans USA Inc	100%	100%	
AmerCable 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			
Invercable	100%	100%	
Nexans Chile S.A. Cerrada	100%	100%	
Colada Continua S.A.	41%	41%	Equity method
Nexans Colombie	100%	100%	
Indeco Peru[2]	96.75%	96.73%	
Cobrecon	33.33%	32.24%	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

Companies by geographic area	% control	% interest	Consolidation method[(1)]
ASIA-PACIFIC			
Nexans Hong Kong 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 (Suzhou) Cables Solutions Co. Ltd	100%	100%	
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

On January 4, 2016 Nexans S.A. redeemed the 2016 OCEANE convertible/exchangeable bonds in cash as they had reached maturity. The total amount paid was 221,099 thousand euros including accrued interest on the bonds (see **Note 22**).

5.1.7. Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Nexans;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to section E "Antitrust investigations" of Note 2 "Significant events of the year" to the consolidated financial statements and section A "Antitrust investigations" of Note 29 "Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the company.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of assets

The Group tests goodwill for impairment and assesses whether there is any indication of impairment of non-current assets, as described in section F.c. "Impairment tests" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements. We have reviewed the methods applied to carry out these impairment tests as well as the corresponding cash flow forecasts and assumptions used. We have also verified that Notes 1.F.c and Note 6 "Net asset impairment" to the consolidated financial statements provide appropriate disclosures.

Deferred tax assets

The Group recognizes deferred tax assets in the consolidated statement of financial position on the basis of business plans and earnings forecasts, as described in section E.f "Income taxes" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements and in Note 9 "Income taxes" to the consolidated financial statements. Our work consisted of assessing the information and assumptions used to determine the recoverability of these deferred tax assets in future periods and verifying that the consolidated financial statements provide appropriate disclosures.

Pensions

The Group recognizes provisions for retirement benefits in accordance with the methods described in section F.i "Pensions, statutory retirement bonuses and other employee benefits" of Note 1 "Summary of significant accounting policies" to the consolidated financial statements. These obligations are valued with the assistance of external actuaries. Our work consisted of reviewing the information and actuarial assumptions used as well as the calculations performed and verifying that Note 20 "Pensions, retirement bonuses and other long-term employee benefits" to the consolidated financial statements provides appropriate disclosures.

Antitrust investigations

With respect to antitrust investigations and their repercussions, as described in Note 29 "Disputes and contingent liabilities" to the consolidated financial statements, our work consisted of assessing the information and assumptions used by the Group to determine the risks and the provisions recognized in respect of the claims filed against it. This information includes the opinions of the Group's legal advisors. We have also verified that the consolidated financial statements provide appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, March 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

Mazars
Isabelle Sapet

5.2. Corporate financial statements

5.2.1. Balance sheet

Balance sheet – Assets

(At December 31, in thousands of euros)	Notes	Gross amount	Depreciation, amortization and provisions	2015 Net	2014 Net
FIXED ASSETS					
INTANGIBLE ASSETS					
Concessions, patents and similar rights		400	(400)	-	-
Intangible assets in progress		-	-	-	532
PROPERTY, PLANT AND EQUIPMENT		-	-	-	-
FINANCIAL ASSETS	3				
Shares in subsidiaries and affiliates		2,739,833	(60,000)	2,679,833	2,615,833
Loans		200,845	-	200,845	-
TOTAL FIXED ASSETS		**2,941,078**	**(60,400)**	**2,880,678**	**2,616,365**
CURRENT ASSETS					
RECEIVABLES	4				
Trade receivables		7,721	-	7,721	8,790
Other receivables		168,606	-	168,606	409,381
OTHER CURRENT ASSETS					
Money market funds		-	-	-	-
Cash and cash equivalents	6	34	-	34	93
PREPAID EXPENSES		32	-	32	31
TOTAL CURRENT ASSETS		**176,393**	**-**	**176,393**	**418,295**
Deferred charges	14-1	4,714	-	4,714	5,706
Bond redemption premiums	14-2	983	-	983	1,525
Unrealized foreign exchange losses		24	-	24	0
TOTAL ASSETS		**3,123,191**	**(60,400)**	**3,062,791**	**3,041,891**

Balance sheet – Equity and liabilities

(At December 31, in thousands of euros)	Notes	2015	2014
EQUITY	8		
Share capital		42,598	42,051
Additional paid-in capital		1,654,949	1,646,154
Legal reserve		2,872	2,872
Regulated reserves		0	0
Retained earnings		106,091	172,680
NET INCOME (LOSS) FOR THE YEAR		1,885	(66,588)
Regulated provisions		5,953	7,217
TOTAL EQUITY		**1,814,348**	**1,804,385**
PROVISIONS FOR CONTINGENCIES AND CHARGES			
Provisions for contingencies	10	823	0
Provisions for charges		-	-
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES		**823**	**0**
LIABILITIES			
FINANCIAL LIABILITIES	11		
Convertible bonds		502,974	502,995
Other bonds		621,753	621,782
Bank borrowings		-	-
OPERATING LIABILITIES	12		
Trade payables		20,909	15,853
Accrued taxes and payroll costs		101,792	96,461
MISCELLANEOUS LIABILITIES			
Other liabilities		110	264
DEFERRED INCOME		84	148
TOTAL LIABILITIES		**1,247,621**	**1,237,503**
Unrealized foreign exchange gains		-	3
TOTAL EQUITY AND LIABILITIES		**3,062,791**	**3,041,891**

5.2.2. Income statement

(in thousands of euros)	Notes	2015	2014
OPERATING REVENUES			
NET SALES	16	22,831	17,843
Reversals of depreciation, amortization and provisions, expense transfers		1,760	-
Other revenues		0	0
TOTAL OPERATING REVENUES (I)		24,591	17,843
OPERATING EXPENSES			
Other purchases and external charges		(32,425)	(26,271)
Taxes other than on income		(824)	(1,010)
Wages and salaries		(6,086)	(6,719)
Payroll charges		(3,318)	(2,762)
DEPRECIATION, AMORTIZATION AND PROVISIONS			
▪ Fixed assets: - depreciation and amortization		-	(34)
- additions to provisions		-	-
▪ Other assets: depreciation and amortization		(2,752)	(2,036)
▪ Additions to provisions for contingencies and charges		(799)	-
Other expenses		(618)	(653)
TOTAL OPERATING EXPENSES (II)		(46,823)	(39,485)
OPERATING INCOME (LOSS) (III) = (I + II)	17.1	**(22,231)**	**(21,642)**
FINANCIAL INCOME			
Dividend income		332	247
Other interest income		3,349	645
Provision reversals and expense transfers		105,089	-
Foreign exchange gains		20	17
TOTAL FINANCIAL INCOME (IV)		108,790	909
FINANCIAL EXPENSES			
Amortization and provisions – financial assets		(565)	(542)
Interest expense		(46,677)	(46,182)
Foreign exchange losses		(41)	(6)
TOTAL FINANCIAL EXPENSES (V)		(47,284)	(46,730)
NET FINANCIAL INCOME (EXPENSE) (VI) = (IV - V)	17.2	**61,507**	**(45,821)**
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (VII) = (I+II+IV+V)		39,275	(67,463)

(in thousands of euros)	Notes	2015	2014
NON-RECURRING INCOME			
Provision reversals and expense transfers		1,264	34
Non-recurring income from capital transactions		1,926	48
TOTAL NON-RECURRING INCOME (VIII)		3,190	82
NON-RECURRING EXPENSES			
Non-recurring expenses on revenue transactions		-	(14)
Non-recurring expenses on capital transactions		(41,340)	-
Exceptional additions to depreciation, amortization and provisions		-	-
TOTAL NON-RECURRING EXPENSES (IX)		(41,340)	(14)
NET NON-RECURRING INCOME (LOSS) (X) = (VIII - IX)	18	**(38,150)**	**68**
Employee profit-sharing (XI)		(57)	(94)
Income taxes (XII)	19	816	901
NET INCOME (LOSS) (XIII) = (VII)+(X)+(XI)+(XII)		**1,885**	**(66,588)**

5.2.3. List of subsidiaries and affiliates

At December 31, 2015

Company name	Share capital *(in thousands of currency units)*	Total equity (excluding share capital) [3] *(in thousands of currency units)*	Percentage ownership	Dividends received *(in thousands of euros)*	Gross value of shares held *(in thousands of euros)*	Net value of shares held *(in thousands of euros)*	Net sales [3] *(in thousands of currency units)*	Net income (loss) [3] *(in thousands of currency units)*
A - SUBSIDIARIES AND AFFILIATES WITH A GROSS VALUE IN EXCESS OF 1% OF NEXANS' SHARE CAPITAL								
1) SUBSIDIARIES (OVER 50%-OWNED)								
NEXANS FRANCE SAS Paris - France (SIREN registration no. 428 593 230)	130,000	(106,062)	100.00%	-	477,400	417,400	1,463,624	(68,323)
NEXANS PARTICIPATIONS Paris - France (SIREN registration no. 314 613 431)	418,110	1,294,569	100.00%	-	2,048,264	2,048,264	1,100	(174,603)
INVERCABLE SA [1] Santiago - Chile	82,400	110,379	100.00%	-	194,948	194,948	-	28,689
2) AFFILIATES (10%-50% OWNED)								
NEXANS KOREA [2] Chungcheongbuk - South Korea	17,125,879	64,851,367	35.53%	-	16,940	16,940	282,227,435	(4,969,233)
B - GENERAL INFORMATION ON OTHER SECURITIES								
French subsidiaries (over 50% owned)					-	-		
Foreign subsidiaries (over 50% owned)					-	-		
French affiliates (10%-50% owned)					-	-		
Foreign affiliates (10%-50% owned)					-	-		
Other investments				332	2,281	2,281		

(1) Amount in thousands of USD (US dollars): 1 USD = 0.9185 euros at December 31, 2015.
(2) Amount in thousands of KRW (Korean won): 1,000 KRW = 0.7808 euros at December 31, 2015.
(3) Provisional data as these companies' financial statements had not yet been formally approved for issue at the date of the Board of Directors' meeting that approved these corporate financial statements.

5.2.4. Portfolio of transferable securities

At December 31, 2015, with a gross balance sheet value of over 100,000 euros.

	Number of shares/ units held	%	Gross value *(in thousands of euros)*	Impairment *(in thousands of euros)*	Carrying amount *(in thousands of euros*
1 - SHARES IN FRENCH COMPANIES					
Nexans France	10,000,000	100.00	477,400	(60,000)	417,400
Nexans Participations	27,873,946	100.00	2,048,264	-	2,048,264
2 - SHARES IN FOREIGN COMPANIES					
Nexans Korea	12,169,830	35.53	16,940	-	16,940
Kukdong Electric Wire Co.	131,080	9.72	2,281	-	2,281
Invercable S.A. (Chile)	3,993,350	100.00	194,948	-	194,948
3 - MONEY MARKET FUNDS					
None					

Notes

5.2.5. Notes to the corporate financial statements

5.2.6. Notes to the balance sheet

5.2.7. Notes to the income statement

5.2.8. Miscellaneous information

5.2.5. Notes to the corporate financial statements

The notes below relate to the balance sheet at December 31, 2015, prior to the appropriation of net income for the year, as well as to the income statement for the year then ended. The fiscal year ran from January 1 to December 31, 2015. The balance sheet total was 3,062,791 thousand euros and the Company ended the year with net income of 1,885 thousand euros.

The tables in these notes are presented in thousands of euros, rounded to the nearest thousand.

Note 1. Significant events

The following significant events occurred in 2015:

1. On January 21, 2015, the Company issued 499,862 new shares representing a total gross amount of 10,192 thousand euros, in settlement-delivery of the shares purchased under the Group employee share ownership plan launched in 2014. Out of the proceeds of this share issue, 500 thousand euros was recognized in "Share capital" and 8,842 thousand euros (net of the related issue costs) was recognized in "Additional paid-in capital".

2. At its meeting on November 25, 2015, the Board of Directors placed on record that:
   a. The vesting period for non-French tax residents under Long-Term Compensation Plan no. 10 of November 15, 2011 had expired, resulting in the final vesting of 7,502 free shares for the beneficiaries concerned.
   b. The vesting period for French tax residents under Long-Term Compensation Plan no. 11 of November 20, 2012 had expired, resulting in the final vesting of 32,560 performance shares and 6,357 free shares for the beneficiaries concerned.

   Consequently, a 47 thousand euro capital increase was recognized in the Company's financial statements, which was paid up by capitalizing additional paid-in capital (see Note 8).

3. On April 15, 2015, the Company granted a four-year medium-term loan of 200 million euros to Nexans Services, the entity responsible for the Group's centralized cash management. The loan carries interest at a rate of 1.95% per annum, payable quarterly as from July 15, 2015 (see Note 3.2).

4. On December 14, 2015, Nexans set up a 600 million euro five-year syndicated credit facility, therefore extending its access to liquidity until 2020. This new agreement supersedes the facility set up by the Group in 2011 which was due to expire in December 2016 (see Note 11).

5. On December 1, 2015, Nexans sold its subsidiary in Argentina to a local buyer (see Note 3.1, Note 10 and Note 18).

6. During the first half of 2015, the Company sold tax receivables (research tax credits and CICE tax credits) for 22,293 thousand euros net of the related fees.

7. During the year, the Company reversed 105,089 thousand euros worth of provisions previously recognized for impairment in the value of investments (see Note 3.1).

Note 2. Summary of significant accounting policies

The financial statements of Nexans S.A. have been prepared in accordance with French generally accepted accounting principles.

The balance sheet at December 31, 2015 and the income statement for the year then ended have been prepared on a going concern basis in accordance with the principles of prudence and segregation of accounting periods.

Accounting policies have been applied consistently from one year to the next. Accounting entries are based on the historical cost method.

INTANGIBLE ASSETS

This item includes:

- "Concessions, patents and similar rights" measured at historical cost and amortized on a straight line basis over their estimated useful lives, corresponding to between five and twenty years.
- "Software" measured at historical cost and amortized on a straight-line basis over three years.
- The external costs incurred for the employee share issue that was in process at the reporting date.

FINANCIAL ASSETS

Shares in subsidiaries and affiliates

The gross value of these shares recognized in the balance sheet prior to December 31, 2006 corresponds to their purchase price (excluding incidental expenses) or their transfer value.

Shares in subsidiaries and affiliates acquired as from January 1, 2007 are stated at their purchase price plus any directly attributable transaction expenses, in accordance with the option available under CRC standard 2004-06.

An impairment loss is booked when the carrying amount of these interests exceeds their fair value. Fair value is determined on the basis of value in use, which is calculated using a multi-criteria approach that takes into account revalued net assets as well as yield.

Share acquisition costs

Share acquisition costs incurred subsequent to December 31, 2006 and included in the cost of the shares are deducted for tax purposes through excess tax depreciation recorded over a period of five years (Article 209-VII of the French Tax Code).

Loans

This item primarily corresponds to loans granted to indirect subsidiaries.

TRADE RECEIVABLES

Trade receivables are stated at nominal value. An impairment loss is recorded when it is doubtful that the receivable will be collected.

OTHER RECEIVABLES AND BANK BORROWINGS

"Other receivables" includes surplus cash amounts invested with Nexans Services on a short-term basis. Short-term advances received from Nexans Services are included in bank borrowings.

RECEIVABLES, PAYABLES AND CASH AND CASH EQUIVALENTS DENOMINATED IN FOREIGN CURRENCIES

Receivables and payables denominated in foreign currencies are translated into euros at the exchange rate prevailing at the year-end:

- Hedged foreign currency receivables and payables do not have any impact on the income statement as the gains and losses on the currency hedging instruments are accounted for on a symmetrical basis with the losses or gains on the underlying hedged items (see below).
- Gains and losses arising on the translation of unhedged foreign currency receivables and payables are recorded in the balance sheet under "Unrealized foreign exchange gains" or "Unrealized foreign exchange losses". In accordance with the principle of prudence a provision is recorded for unrealized foreign exchange losses. Unrealized foreign exchange gains have no impact on the income statement.

Cash and cash equivalents denominated in foreign currencies – including cash pooling current accounts – are translated into euros at the year-end exchange rate and any resulting foreign exchange gains or losses are recognized in the income statement.

FINANCIAL INSTRUMENTS

Nexans manages market risks – primarily arising from changes in exchange rates – by using derivative financial instruments, notably currency swaps. These instruments are used solely for hedging purposes.

Gains and losses on the hedging instruments are accounted for in the income statement on a symmetrical basis with the losses or gains on the underlying hedged items. At the balance sheet date, unrealized gains are recorded in "Other receivables" and unrealized losses are included in "Other liabilities".

REGULATED PROVISIONS

The Company allocates amounts under these provisions as authorized by tax law and carries out any reversals in the legally prescribed manner and timeframes.

PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions are recognized when Nexans has a present legal or constructive obligation resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

BONDS WITH REDEMPTION PREMIUMS

Ordinary and convertible bonds with redemption premiums are recognized as a liability in the balance sheet at their gross value, including the premium. This applies even when the premium payment is contingent on the bonds not being converted into shares.
The redemption premium is recognized as an asset and is amortized on a straight-line basis over the term of the bonds concerned.

DEBT ISSUANCE COSTS

Costs incurred on the issuance of debt are recorded under deferred charges on the assets side of the balance sheet and amortized over the life of the debt using the straight-line method.

5.2.6. Notes to the balance sheet

Note 3. Financial assets

(in thousands of euros)	Shares in subsidiaries and affiliates	Loans to subsidiaries	Other loans	Other financial assets	Total
GROSS VALUE					
At December 31, 2014	2,780,921	-	-	-	2,780,921
Acquisitions – increases	-	-	200,845	-	200,845
Disposals – decreases	(41,089)	-	-	-	(41,089)
AT DECEMBER 31, 2015	**2,739,833**	**-**	**200,845**	**-**	**2,940,677**
PROVISIONS					
At December 31, 2014	(165,089)	-	-	-	(165,089)
Additions	-	-	-	-	-
Reversals	105,089	-	-	-	105,089
AT DECEMBER 31, 2015	**(60,000)**	**-**	**-**	**-**	**(60,000)**
NET LONG-TERM FINANCIAL ASSETS					
At December 31, 2014	2,615,833	-	-	-	2,615,833
AT DECEMBER 31, 2015	**2,679,833**	**-**	**200,845**	**-**	**2,880,678**

3.1. SHARES IN SUBSIDIARIES AND AFFILIATES

Details of the shares held by Nexans S.A. recognized under "Shares in subsidiaries and affiliates" are provided in the section entitled "Portfolio of transferable securities" above.

Movements during the year

In 2015 the Company sold its Argentina-based subsidiary, Indelqui S.A.. Its investment in this subsidiary – amounting to a gross 41,089 thousand euros – had been fully written down in the balance sheet. The sale price totaled 2,044 thousand US dollars (1,926 thousand euros), of which 991 thousand US dollars has been placed in an escrow account.

Impairment

In addition to the 41,089 thousand euro provision reversal recognized following the sale of Nexans Indelqui S.A., during the year the Company reversed 64,000 thousand euros from the provision for impairment of its investment in Nexans France.

3.2. LOANS

At December 31, 2015, this item corresponded to a medium-term loan granted to Nexans Services, representing a principal amount of 200,000 thousand euros and 845 thousand euros in accrued interest.

Note 4. Operating receivables

Net values (At December 31, in thousands of euros)	2015	2014
PREPAYMENTS TO SUPPLIERS	-	-
TRADE RECEIVABLES	7,721	8,790
OTHER RECEIVABLES:		
■ Prepaid payroll taxes	5	10
■ Prepaid and recoverable income taxes	10,668	28,935
■ Prepaid and recoverable VAT	4,371	4,255
■ Group and associates: tax consolidation	432	0
■ Group and associates: cash pooling current accounts	151,350	376,085
■ Other debtors	1,780	96
SUB-TOTAL – OTHER RECEIVABLES	168,606	409,381
TOTAL	**176,327**	**418,171**

At December 31, 2015 and 2014, trade receivables solely corresponded to intra-group receivables.

Note 5. Receivables by maturity

Gross values (At December 31, 2015, in thousands of euros)	Gross amount	Due within one year	Due beyond one year
FIXED ASSETS			
Loans	200,845	845	200,000
TOTAL	**200,845**	**845**	**200,000**
CURRENT ASSETS			
Trade receivables	7,721	7,721	
Other receivables	168,606	158,120	10,486
TOTAL	**176,327**	**165,841**	**10,486**

Other receivables due beyond one year correspond to tax credits due to entities in the tax group headed by the Company (see Note 19). As there is a low probability that these tax credits will be offset against tax payable by the tax group in 2016 they will be received in a timeframe of beyond one year.

Note 6. Cash and cash equivalents

This item corresponds to checks presented for collection at the balance sheet date.

Note 7. Breakdown of share capital

At December 31, 2015, the Company's share capital comprised 42,597,718 shares, each with a par value of 1 euro. All of these shares are fully paid up, in the same class and carry the same rights.
The Company's shares no longer carry double voting rights, following the resolution passed at the Shareholders' Meeting held on November 10, 2011.

There are no founder's shares or other rights of participation in profits.

Note 8. Equity

8.1. MOVEMENTS DURING THE YEAR

(in thousands of euros)	Share capital	Additional paid-in capital	Legal reserve	Retained earnings	Net income (loss) for the year	Regulated provisions	Total
AT DEC. 31, 2014 BEFORE APPROPRIATION OF NET LOSS	42,051	1,646,154	2,872	172,679	(66,588)	7,217	1,804,385
Appropriation of 2014 net loss	-	-	-	(66,588)	66,588	-	-
Dividends paid	-	-	-	-	-	-	-
Other movements	547	8,795	-	-	-	(1,264)	8,078
2015 net income	-	-	-	-	1,885	-	1,885
AT DEC. 31, 2015 BEFORE APPROPRIATION OF NET INCOME	**42,598**	**1,654,949**	**2,872**	**106,091**	**1,885**	**5,953**	**1,814,348**

Other movements can be analyzed as follows:

- The employee share issue carried out under the Act 2014 plan, which led to the issuance of 499,862 new shares. The issue premium amounted to 8,842 thousand euros net of costs.
- A 47 thousand euro capital increase paid up by capitalizing additional paid-in capital, which was carried out on the final vesting of (i) free shares and performance shares for French tax-resident beneficiaries under Long-Term Compensation Plan no. 11, and (ii) free shares for non-French tax resident beneficiaries under Long-Term Compensation Plan no. 10 (see **Note 1**).
- Regulated provisions, which comprise excess tax amortization of share acquisition costs that are included in the cost of the related investments. Movements in this item in 2015 primarily correspond to the reversal of excess tax amortization recognized on the acquisition costs of shares in Nexans Indelqui S.A. following the sale of that subsidiary during the fourth quarter of the year.

8.2. DIVIDEND PAYMENT

In view of the difficult economic context, the Board of Directors has decided that it would be prudent not to recommend a dividend payment for 2015 on the Company's ordinary shares. The Board will present this proposal at the Annual Shareholders' Meeting scheduled to take place in the first half of 2016.
At the Annual Shareholders' Meeting held on May 5, 2015 to approve the financial statements for the year ended December 31, 2014, the Company's shareholders approved the Board's proposal not to pay a dividend for 2014.

Note 9. Stock options, free shares and performance shares

9.1. STOCK OPTIONS

At December 31, 2015 there were 960,742 outstanding stock options held by employees, representing 2.3% of the Company's share capital, versus 1,001,906 outstanding stock options at December 31, 2014, representing 2.4% of the share capital.

The options outstanding at December 31, 2015 can be analyzed as follows:

Grant date	Number of options outstanding at the year-end	Exercise price (2)	Exercise period
February 22, 2008	319,966	€61.11	February 22, 2009 (1) - February 21, 2016
November 25, 2008	297,378	€37.29	November 25, 2009 (1) - November 24, 2016
March 9, 2010	343,398	€46.30	March 9, 2011 (1) - March 8, 2018
TOTAL	**960,742**		

(1) Vesting at a rate of 25% per year.
(2) Exercise price after adjustments for the November 8, 2013 rights issue.

Changes in the number of options outstanding

	Number of options
OPTIONS OUTSTANDING AT BEGINNING OF YEAR	**1,001,906**
Options granted during the year	-
Options canceled during the year	(23,680)
Options exercised during the year	-
Options expired during the year	(17,484)
OPTIONS OUTSTANDING AT THE YEAR-END	**960,742**
▪ of which exercisable at the year-end	960,742

9.2. FREE SHARES AND PERFORMANCE SHARES

At December 31, 2015 there were 959,096 free shares and performance shares outstanding – each entitling their owner to one share – representing a total of 2.3% of the Company's share capital. At December 31, 2014 there were 763,982 free shares and performance shares outstanding, representing 1.8% of the Company's share capital.
A total of 320,960 free shares and performance shares were granted during 2015.

The free shares and performance shares outstanding at December 31, 2015 can be analyzed as follows:

Grant date	Number of shares originally granted	Number of shares granted as adjusted for the rights issue (1)	Number of shares outstanding at the year-end	End of vesting period
November 20, 2012	121,370	141,478	32,450	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	303,846	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	301,840	July 24, 2018 for non-French tax residents, and July 24, 2017 followed by a 2-year lock-up period for French tax residents
July 28, 2015	320,960	N/A	320,960	July 28, 2019 for non-French tax residents, and July 28, 2018 followed by a 2-year lock-up period for French tax residents
TOTAL SHARES OUTSTANDING			**959,096**	

(1) The number of free shares and performance shares granted was adjusted following the rights issue carried out on November 8, 2013.

Movements in outstanding free shares and performance shares

SHARES OUTSTANDING AT BEGINNING OF YEAR	**763,982**
Shares granted during the year (1)	320,960
Shares canceled during the year	(79,427)
Shares vested during the year	(46,419)
NUMBER OF SHARES IN VESTING PERIOD AT THE YEAR-END	**959,096**

(1) Based on achievement of the target performance level.

The vesting conditions applicable to the performance shares are based both on Nexans' financial performance and its share performance. Further details of the plans and vesting conditions are provided in section 2.5.5.

Note 10. Provisions for contingencies

When the Company sold Nexans Indelqui S.A. in 2015, it recognized a 799 thousand euro contingency provision to cover risks relating to site dismantling and clean-up costs.

Note 11. Borrowings

Cash surpluses are invested with Nexans Services which is responsible for the Group's financing and cash management operations.

The Company's borrowings are primarily made up of bonds, which can be analyzed as follows:

	Issue date	Maturity date	Coupon	Number of bonds outstanding at Dec. 31, 2015	Nominal amount *(in thousands of euros)*	Accrued interest at Dec. 31, 2015 *(in thousands of euros)*	Total bond debt recognized in the balance sheet at Dec. 31, 2015 *(in thousands of euros)*	Interest expense for 2015 *(in thousands of euros)*
CONVERTIBLE BONDS:								
2016 OCEANE bonds	June 23, 2009	Jan. 1, 2016	€2.13 per bond	3,999,612	212,580	8,519	221,099	8,519
2019 OCEANE bonds	Feb. 29, 2012	Jan. 1, 2019	2.50%	3,780,588	275,000	6,875	281,875	6,875
					487,580	**15,394**	**502,974**	**15,394**
ORDINARY BONDS:								
Ordinary bonds maturing in 2017 Issue price: 99.266% of face value	May 2, 2007	May 2, 2017	5.75%	7,000	350,000	13,398	363,398	20,125
Ordinary bonds maturing in 2018 Issue price: 99.398% of face value	Dec. 19, 2012	March 19, 2018	4.25%	2,500	250,000	8,355	258,355	10,596
					600,000	**21,753**	**621,753**	**30,721**
TOTAL					**1,087,580**	**37,147**	**1,124,727**	**46,115**

All of the bonds in the table above are redeemable at face value at maturity.

The indentures for the convertible bonds maturing on January 1, 2016 and January 1, 2019 (the 2016 OCEANE bonds and the 2019 OCEANE bonds respectively) include early redemption options exercisable by the bondholders (on January 1, 2015 or the first business day thereafter for the 2016 OCEANE bonds and June 1, 2018 or the first business day thereafter for the 2019 OCEANE bonds).

On January 1, 2015 the option on the 2016 OCEANE bonds was only exercised for 388 bonds out of the total 4,000,000 issued. In addition, no 2016 OCEANE bonds were exchanged for shares during 2015. Consequently, the 3,999,612 bonds outstanding at December 31, 2015 will be redeemed at maturity on January 4, 2016 for an aggregate amount of 221,099 thousand euros, including accrued interest.

At December 31, 2014, Nexans S.A. and its subsidiaries had access to 597 million euros under a medium-term syndicated credit facility expiring on December 1, 2016.

On December 14, 2015, Nexans renewed this facility in advance of term by negotiating a new syndicated credit facility with a pool of French and international banks, with Nexans Services as a joint borrower.
Consequently, at December 31, 2015, Nexans S.A. and its subsidiaries had access to 600 million euros under a medium-term confirmed credit facility expiring on December 14, 2020. None of this facility had been drawn down at the year-end.

The syndicated loan agreement contains standard covenants (negative pledge, cross default, pari passu and change of control clauses) as well as covenants based on the following two consolidated financial ratios:

- The Group's debt to equity ratio must be below 1.10.
- Consolidated debt must not exceed 3x EBITDA. For the purpose of this calculation, EBITDA is defined as consolidated operating margin before tax, depreciation and amortization.

If any of the facility's covenants were breached, any undrawn credit lines would become unavailable and any drawdowns would be repayable, either immediately or after a cure period of thirty days depending on the nature of the breach.
These ratios were well within the specified limits at both December 31, 2015 and at the date the Board of Directors approved the

financial statements.

Note 12. Operating liabilities and other liabilities

(At December 31, in thousands of euros)	2015	2014
TRADE PAYABLES	20,909	15,853
Accrued taxes and payroll costs:		
■ Employee-related payables and accrued payroll costs	3,891	4,049
■ Accrued taxes	1,448	2,339
■ Tax consolidation suspense account	67,954	65,267
■ Group companies: tax consolidation	28,498	24,806
SUB-TOTAL - ACCRUED TAXES AND PAYROLL COSTS	101,792	96,461
Other liabilities (accrued expenses)	110	264
TOTAL	**122,811**	**112,578**

Note 13. Liabilities by maturity

(in thousands of euros)	Amount at Dec. 31, 2015	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years
Convertible bonds	502,974	227,974	275,000	-
Ordinary bonds	621,753	21,753	600,000	-
Trade payables	20,909	20,909	-	-
Accrued taxes and payroll costs:	101,792	78,596	23,196	-
Other liabilities	110	110	-	-
Deferred income	84	63	21	-
TOTAL	**1,247,621**	**349,405**	**898,216**	**-**

Accrued taxes and payroll costs due beyond one year comprise liabilities towards subsidiaries that are members of the tax group. These correspond to tax credits (notably French CIR and CICE tax credits) that have a low probability of being offset against taxes payable in 2016.

Note 14. Deferred charges – Bond redemption premiums

14.1. DEFERRED CHARGES

Nature	Amount *(in thousands of euros)*				Method of deferral
	Dec. 31, 2014	Recognized during the year	Amortized during the year	Dec. 31, 2015	
Issue costs for convertible bonds	3,152	-	1,130	2,022	Straight-line basis over the term of the related borrowings
Issue costs for other bonds	1,707	-	483	1,224	Straight-line basis over the term of the related borrowings
Issue costs for other borrowings	847	1,760	1,140	1,467	Straight-line basis over the term of the related borrowings
TOTAL	**5,706**	**1,760**	**2,752**	**4,714**	

Deferred charges recognized during 2015 correspond to the costs related to setting up the new syndicated credit facility (see **Note 11**), which are being deferred on a straight-line basis over a period of six years.

The unamortized portion of the costs related to the previous syndicated credit facility (423 thousand euros) was fully expensed in the income statement at December 31, 2015.

14.2. BOND REDEMPTION PREMIUMS

Nature	Year of recognition	Gross premium	At December 31, 2014		At December 31, 2015		
(in thousands of euros)			Accumulated amortization	Net premium	Amortization for the year	Accumulated amortization	Net premium
Redemption premium on ordinary bonds maturing in 2017	2007	2,569	1,969	600	257	2,226	343
Redemption premium on ordinary bonds maturing in 2018	2012	1,505	579	926	285	865	640
TOTAL				**1,525**	**542**		**983**

Bond redemption premiums are amortized on a straight-line basis over the life of the bonds. The amortization expense for 2015 amounted to 542 thousand euros.

Note 15. Accrued expenses & income

(At December 31, in thousands of euros)	2015	2014
ACCRUED EXPENSES RELATING TO:		
■ Interest on bonds	37,147	37,177
■ Trade payables	20,798	15,649
■ Employee-related liabilities	2,229	2,757
■ Payroll taxes	752	686
■ Other taxes	1,102	2,053
■ Other liabilities	74	245
ACCRUED INCOME RELATING TO:		
■ Loan granted to Nexans Services	845	-
■ Trade receivables	5,348	6,429
■ Prepaid and recoverable taxes	3,380	2,580
■ Group and associates: Interest on other current accounts	-	51

5.2.7. Notes to the income statement

Note 16. Net sales

The Company's 2015 net sales came to 22,831 thousand euros, and primarily related to the invoicing of services provided to its subsidiaries.

Note 17. Income (loss) from ordinary activities before tax

17.1. OPERATING INCOME (LOSS)

After taking into account rebillings to subsidiaries, the Company reported an operating loss of 22,231 thousand euros for 2015, primarily corresponding to headquarters expenses, commissions and brokerage fees, depreciation, amortization and provisions, and various consulting fees.

17.2. FINANCIAL INCOME AND EXPENSES

The Company recorded net financial income of 61,507 thousand euros in 2015, reflecting the combined impact of:

- 46,115 thousand euros in interest expense on the Company's bonds (see **Note 11**).
- 332 thousand euros in dividends received and 3,285 thousand euros in net investment income from Nexans Services.
- Amortization of bond redemption premiums for the ordinary bonds redeemable in 2017 and 2018 amounting to 257 thousand euros and 285 thousand euros respectively (see **Note 14.2**).
- A 105,089 thousand euro reversal of a provision for impairment in the value of investments (see **Note 3.1**).

Note 18. Non-recurring items

In 2015 non-recurring items corresponded to a net expense of 38,150 thousand euros and related to the sale of Nexans Indelqui S.A., whose shares were carried at a gross 41,089 thousand euros in Nexans S.A.'s financial statements. The sale price of these shares amounted to 1,926 thousand euros and the costs related to the sale totaled 251 thousand euros.

Also during the year the excess tax amortization on the acquisition costs for the Nexans Indelqui shares was reversed in an amount of 1,264 thousand euros.

Note 19. Income taxes

(in thousands of euros)	Income (loss) from ordinary activities	Non-recurring items and employee profit-sharing	Other tax effects	TOTAL
PRE-TAX INCOME (LOSS)	39,275	(38,206)		1,069
Income taxes:				
■ At standard rate	-	-	921	921
■ Benefit/(charge) from tax consolidation	(105)	-	-	(105)
■ 3% dividend tax	-	-	-	-
INCOME TAXES	**(105)**	**-**	**921**	**816**
NET INCOME (LOSS)	39,170	(38,206)	921	1,885

19.1. COMMENTS

The 921 thousand euros recorded under "Other tax effects" in 2015 corresponded to research tax credits.

19.2. TAX CONSOLIDATION

Nexans S.A. has entered into a tax consolidation agreement with its French subsidiaries in which it directly or indirectly holds an interest of more than 95%. This agreement, which came into force on January 1, 2002, was signed pursuant to the option taken by Nexans S.A. to adopt a French tax consolidation group in accordance with Article 223-A et seq. of the French Tax Code.

This option is automatically renewable every five years and the next expiration date is December 31, 2016. For every taxation period, the contribution of each subsidiary to the corporate income tax payable on the consolidated net income of the tax group corresponds to the corporate income tax and other contributions for which each subsidiary would have been liable if it had been taxed on a stand-alone basis.

As part of the tax consolidation agreement under which Nexans S.A. is liable for the global tax charge, the cumulated tax loss at December 31, 2015 represented an unrecognized tax asset of 201,712 thousand euros.

No non tax-deductible expenses, as defined in Article 39-4 of the French Tax Code, were incurred during 2015.

19.3. DEFERRED TAXES

No deferred taxes are recognized in the corporate financial statements. Deferred tax assets arise from (i) expenses that will be deductible for tax purposes in future periods, or (ii) the carryforward of unused tax losses which will reduce the Company's tax base in future periods.

Deferred tax liabilities arise from expenses deducted in advance for tax purposes, or from income that will be taxable in future periods and will therefore increase the Company's future tax base.

For the Nexans S.A. taxable entity alone, temporary differences generating deferred tax assets correspond primarily to tax loss carryforwards, which amounted to 384,659 thousand euros at December 31, 2015 (332,282 thousand euros at December 31, 2014).
As there were no temporary differences that generated deferred tax liabilities at December 31, 2015, the future tax receivable relating to Nexans' corporate financial statements (calculated using a tax rate of 34.43%) amounted to 132,438 thousand euros at that date (114,404 thousand euros at December 31, 2014).

5.2.8. Miscellaneous information

Note 20. Consolidation – Related companies

Nexans publishes consolidated financial statements. Related party transactions primarily concern subsidiaries and associates.

The main balance sheet and income statement items affected by related party transactions in 2015 and 2014 were as follows:

Items impacted by related party transactions *(in thousands of euros)*	2015	2014
BALANCE SHEET ITEMS		
ASSETS		
Shares in subsidiaries and affiliates, net	2,679,833	2,615,833
Other financial assets (loans)	200,845	-
Trade receivables, net	7,721	8,790
Other receivables, net	151,350	376,085
Current accounts with subsidiaries in the consolidated tax group	432	-
LIABILITIES		
Trade payables	19,612	14,677
Current accounts with subsidiaries in the consolidated tax group	28,497	24,806
INCOME STATEMENT ITEMS		
Dividend income	332	247
Financial income	3,285	579

In 2015 no new agreements representing material amounts were entered into on non-arm's length terms with related parties within the meaning of Article 123-198 of the French Commercial Code.

Note 21. Number of employees (annual average)

In both 2015 and 2014, the Company employed an annual average of 8 people (all managerial staff).

Note 22. Management compensation

The total amount of gross compensation, benefits and directors' fees paid to the Chairman of the Board of Directors and the Chief Executive Officer in 2015 was 2,210 thousand euros before tax.

The various components of this compensation can be analyzed as follows:

(in thousands of euros)	2015	2014
CHAIRMAN OF THE BOARD OF DIRECTORS	**560**	**1,385**
Basic salary	520 (1)	730
Variable compensation	- (2)	617 (1)
Directors' fees	34	32
Benefits-in-kind	6	6
CHIEF EXECUTIVE OFFICER (AS FROM OCTOBER 1, 2014)	**1,519**	**552**
Basic salary	700 (1)	175
Variable compensation	815 (2)	373 (1)
Benefits-in-kind	4	4
TOTAL MANAGEMENT COMPENSATION	**2,079**	**1,937**

(1) The sum of these amounts corresponds to the total gross pre-tax compensation figure stated above.
(2) Variable compensation for 2015 but paid in 2016.

Nexans' directors other than the Chairman of the Board received 584 thousand euros in directors' fees for 2015 (gross amount before social security deductions and withholding taxes).

The commitments given by the Company to the Chairman of the Board of Directors and the Chief Executive Officer are described in sections 2.5.3. and 2.5.4.

Note 23. Off-balance sheet commitments

23.1. RECIPROCAL COMMITMENTS

The Company did not have any reciprocal commitments at either December 31, 2015 or 2014.

23.2. COMMITMENTS GIVEN

- The Company has granted parent company guarantees covering the contractual obligations of certain subsidiaries, amounting to 990 million euros at December 31, 2015 (excluding the commitments described below related to receivables sales and the syndicated loan).
- When the Group's syndicated loan was set up, Nexans undertook to guarantee the commitments given by Nexans Services to the banking pool concerned. This guarantee represented a maximum amount of 660 million euros at December 31, 2015.
- As part of the process to set up a securitization plan for euro-denominated trade receivables in the second quarter of 2010, Nexans granted a joint and several guarantee to the arranging bank. This guarantee covers (i) the payment obligations of the two Nexans subsidiaries selling the receivables under the programs concerned and (ii) the consequences that could arise if any of the receivables sales under the programs were rendered invalid, notably in the event that insolvency proceedings were initiated against either of the two subsidiaries selling the receivables.

At the year-end, this joint and several guarantee was valued at 39 million euros for the portion covering the subsidiaries' payment obligations and 155 million euros for the portion covering invalid receivables sales. It had a minimum residual term of more than 12 months at December 31, 2015 and an actual term that varies depending on the seller and type of obligation concerned.

- The Company's commitment to funding the Nexans Foundation's multi-year action program represents an aggregate amount of 500 thousand euros, which is covered by a bank guarantee. At December 31, 2015 the amounts still payable to the Nexans Foundation totaled 200 thousand euros.
- The Company's obligations related to supplementary pension plans and other retirement benefits for employees and corporate officers amounted to 24 million euros at December 31, 2015.

23.3. COMMITMENTS RECEIVED

At December 31, 2015, commitments received corresponded to the Company's 600 million euro unused credit facility expiring on December 1, 2020.

Note 24. Fees paid to the Statutory Auditors

At the May 5, 2015 Annual Shareholders' Meeting, the shareholders appointed Mazars to replace KPMG as the Company's Statutory Auditor for a six-year term as provided for by law.
Fees paid by the Company to the Statutory Auditors in 2015 for their audit work break down as follows:

(in thousands of euros)	Audit of the corporate financial statements	Audit of the consolidated financial statements	2015
Mazars 61, rue Henri Regnault, 92075 Paris La Défense	10	190	200
PricewaterhouseCoopers Audit 63, rue de Villiers, 92208 Neuilly-sur-Seine	15	210	225
	25	**400**	**425**

Note 25. Subsequent events

On January 4, 2016 Nexans S.A. redeemed the 2016 OCEANE convertible/exchangeable bonds in cash as they had reached maturity. The total amount paid was 221,099 thousand euros including accrued interest on the bonds (see **Note 11**).

Note 26. Other information

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

Consequently, a 200 million euro provision was recorded in the individual financial statements of Nexans France SAS at December 31, 2011.

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

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

At June 30, 2014, Nexans France SAS booked an 80 million euro provision for risks to cover the direct and indirect consequences of the European Commission's decision and of other on-going proceedings in the same sector of activity.
As an indirect consequence of the decision, one of Nexans' competitors which has been subject to follow on damages claims in the United Kingdom since the beginning of 2015, has filed a contribution claim against the other cable producers sanctioned by the European Commission, including Nexans France SAS and Nexans.

In November 2015, the United States Department of Justice Antitrust Division closed its investigation into the submarine and underground power cable industry without any prosecution or sanctions being taken against any Nexans Group company. This was the same outcome as in previous years for the investigations initially launched in Japan, New Zealand and Canada.
Certain Group companies in this sector of business are still under investigation by the antitrust authorities in Australia, South Korea and Brazil. A hearing took place in relation to the Australian proceedings in 2015 and the Company expects the related decision to be issued during 2016.
In view of the recent events related to antitrust proceedings described above, at December 31, 2015 Nexans France SAS reduced the amount of the related provision for risks to 38 million euros.

5.2.9. Parent company results for the last five years

	2015	2014	2013	2012	2011
I - SHARE CAPITAL AT THE END OF THE FISCAL YEAR [1]					
a) Share capital *(in thousands of euros)*	42,598	42,051	42,043	29,394	28,723
b) Number of shares issued	42,597,718	42,051,437	42,043,145	29,394,042	28,723,080
II- RESULTS OF OPERATIONS *(in thousands of euros)*					
a) Sales before taxes	22,831	17,843	17,899	25,970	17,922
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	(101,110)	(64,817)	32,794	41,291	45,072
c) Income taxes	(816)	(901)	(295)	(777)	(824)
d) Employee profit-sharing due for the fiscal year	57	94	89	142	138
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	1,885	(66,588)	(50,787)	(35,486)	35,422
f) Dividends	-	-	-	14,697	31,637
III- INCOME PER SHARE *(in euros)*					
a) Income after tax, employee profit-sharing but before depreciation, amortization and provisions	(2.37)	(1.54)	0.78	1.43	1.57
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.04	(1.58)	(1.21)	(1.21)	1.23
c) Dividend per share	-	-	-	0.5	1.1
IV- PERSONNEL					
a) Average headcount during the year	6	8	8	8	7
b) Total fiscal year payroll *(in thousands of euros)*	4,375	4,514	4,797	5,475	3,605
c) Total amount paid for employee benefits during the fiscal year *(in thousands of euros)*	1,458	1,504	1,599	1,825	1,206

(1) The number of convertible bonds is set out in section 6.2.1.2.

5.2.10. Statutory Auditors' report on the financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of Nexans;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 26 "Other information" to the financial statements, which describes the investigations initiated against the Company and its subsidiary, Nexans France SAS, in relation to anticompetitive behavior.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of shares in subsidiaries and affiliates

The Company records a provision for impairment of its shares in subsidiaries and affiliates when their carrying amount exceeds their fair value, which is estimated on the basis of value in use, as described in the "Financial assets" section of Note 2 "Summary of significant accounting policies" to the financial statements. Our work consisted in assessing the data and assumptions on which these estimates are based, reviewing the calculations made by the Company, and reviewing the management's procedures for approving those estimates.

Antitrust investigations

With respect to antitrust investigations and their repercussions, as described in Note 26 "Other information" to the financial statements, our work consisted in assessing the information used by the Company to determine the risks and the provisions recognized in respect of the claims filed against it. The information includes the opinions of the Company's legal advisors. We also verified that the notes to the financial statements provide appropriate disclosure.

As part of our assessments, we also ensured that the estimates were reasonable.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, March 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

Mazars
Isabelle Sapet

6 Information about the share capital and ownership

6.1. Nexans share data

NEXANS IS LISTED ON NYSE EURONEXT PARIS (COMPARTMENT A)

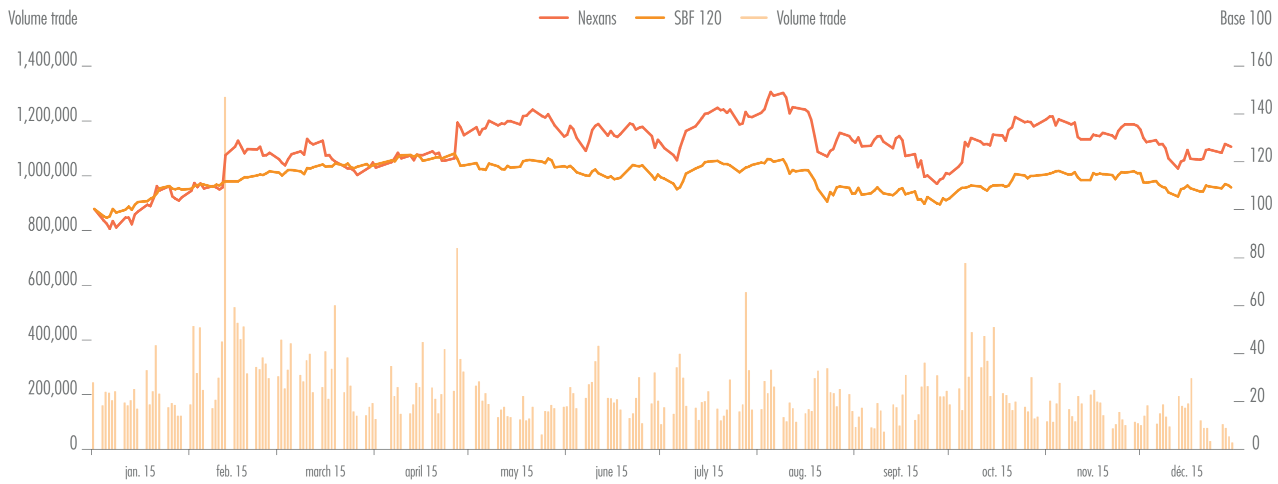
- Deferred settlement service
- ISIN Code FR0000044448
- Par value: 1 euro

MARKET CAPITALIZATION AT DECEMBER 31, 2015

1.436 billion euros

Share performance

(in euros, from January 1, 2015 to December 31, 2015)



AVERAGE DAILY TRADING VOLUME IN 2015

205,153 shares

INDEXE

- SBF 120

PER SHARE DATA

In euros (except ratios)	2015	2014	2013
Net assets(1)	27.5	32.75	36.84
Basic earnings/(loss) per share(2)	(4.55)	(4.01)	(10.66)
Diluted earnings/(loss) per share(3)	(4.55)	(4.01)	(10.66)
PER(4)	-	-	-
Net dividend(5)	-	-	-
Dividend yield(4)	-	-	-

(1) Equity attributable to owners of the parent divided by the number of shares outstanding at December 31.
(2) Based on the weighted average number of shares outstanding.
(3) Earnings/(loss) per share if all securities carrying rights to the Company's ordinary shares are exercised, thereby increasing the total number of shares outstanding.
(4) Based on the December 31 share price.
(5) The Board of Directors will not recommend a dividend payment for 2015 at the Annual Shareholders' Meeting of May 12, 2016.

STOCK MARKET DATA

Share price in euros *(except percentages)*	2015	2014	2013
High	39.84	43.57	42.58
Low	24.45	23.07	28.92
End-of-year closing price	33.70	25.40	36.83
Change over the year	+26.40%	(31.01%)	+23.14%
Change in the SBF 120 over the year	+9.40%	+0.69%	+19.49%
Change in the CAC 40 over the year	+8.50%	(0.54%)	+17.99%
MARKET CAPITALIZATION AT DECEMBER 31(1)	**1,436**	**1,068**	**1,548**
Average daily trading volume(3)	205,153	170,783	205,492
Number of shares in issue at December 31	42,597,718	42,051,437	42,043,145
SHARE TURNOVER(4)	**0.48%**	**0.41%**	**0.49%**

(1) In millions of euros.
(2) In number of shares.
(3) Daily average over the year.

6.2. Share capital

At December 31, 2015, the Company's share capital stood at 42,597,718 euros, fully paid-up and divided into 42,597,718 shares with a par value of one (1) euro each. This amount includes the impact of the employee share issue carried out on January 21, 2015, creating 499,862 new shares, and of the November 24, 2015 rights issue, as well as the creation of 46,419 new shares, following the vesting of free shares and performance shares. Each of the Company's shares carries one voting right.

6.2.1. Breakdown of share capital and voting rights at December 31, 2015

6.2.1.1. CHANGES IN THE COMPANY'S SHARE CAPITAL OVER THE LAST FIVE YEARS

Date	Transaction	Number of shares issued/canceled	Nominal amount of the transaction	Total amount of share capital (in euros) and number of shares
February 9, 2010	Capital increase following the exercise of stock options	42,125	€42,125	28,012,928
July 27, 2010	Capital increase following the exercise of stock options	89,067	€89,067	28,101,995
August 5, 2010	Employee share issue	482,467	€482,467	28,584,462
January 14, 2011	Capital increase following the exercise of stock options	19,929	€19,929	28,604,391
July 26, 2011	Capital increase following the exercise of stock options	115,639	€115,639	28,720,030
January 11, 2012	Capital increase following the exercise of stock options	3,050	€3,050	28,723,080
July 24, 2012	Capital increase following the exercise of stock options	37,630	€37,630	28,760,710
August 3, 2012	Employee share issue	499,984	€499,984	29,260,694
December 18, 2012	Conversion of "1.5% 2013 OCEANE bonds"	98	€98	29,260,792
January 14, 2013	Capital increase following the exercise of stock options	133,250	€133,250	29,394,042
August 31, 2013	Capital increase following the exercise of stock options	9,500	€9,500	29,403,542
September 30, 2013	Capital increase following the exercise of stock options	24,661	€24,661	29,428,203
October 31, 2013	Capital increase following the exercise of stock options	2,000	€2,000	29,430,203
November 8, 2013	Capital increase through the issuance of new shares paid up in cash	12,612,942	€12,612,942	42,043,145
May 31, 2014	Capital increase following the exercise of stock options	175	€175	42,043,320
June 30, 2014	Capital increase following the exercise of stock options	933	€933	42,044,253
November 19, 2014	Capital increase following the vesting of free shares	7,184	€7,184	42,051,437
January 21, 2015	Employee share issue	499,862	€499,862	42,551,299
November 24, 2015	Capital increase following the vesting of free shares and performance shares	46,419	€46,419	42,597,718

6.2.1.2. POTENTIAL SHARE CAPITAL AT DECEMBER 31, 2015

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

(1) The OCEANE bonds issued on June 23, 2009. This public issue involved 4 million OCEANE bonds, each with a face value of 53.15 euros, and represented a total value of approximately 212 million euros (the "**4% 2016 OCEANE bonds**"). The prospectus for the issue was approved by the AMF on June 15, 2009 under number 09-187. The term of the bonds was set at six years and 192 days. However the Company had an early redemption option under which it was entitled to require the bondholders to convert their bonds into shares if the Company's share price exceeded a certain level. Bondholders also had an early redemption option exercisable on January 1, 2015, which was taken up by three bondholders for a total of 388 bonds. The bonds bore interest at 4% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity was 4% (if they were not converted and/or exchanged for shares, and if they were not redeemed in advance). The option to convert or exchange the bonds could be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2015, 3,999,612 4% 2016 OCEANE bonds were still outstanding. All of these bonds were redeemed on January 4, 2016 at their face value, i.e., at a price of 53.15 euros per bond.

(2) The OCEANE bonds issued on February 29, 2012. This public issue involved 3,780,588 OCEANE bonds, each with a face value of 72.74 euros, and represented a total value of approximately 275 million euros (the "**2.5% 2019 OCEANE bonds**"). The prospectus for the issue was approved by the AMF on February 21, 2012 under number 12-083. The term of the bonds was set at six years and 307 days. If the bonds run until their scheduled redemption date they will be redeemed in full on January 1, 2019 at their face value, i.e., at a price of 72.74 euros per bond. However the Company has an early redemption option under which it is entitled to require the bondholders to convert their bonds into shares if the Company's share price exceeds a certain level. This OCEANE grants an early redemption right to the bondholders on June 1, 2018. The bonds bear interest at 2.5% per annum, payable in arrears on January 1 each year and their gross yield-to-maturity is 2.5% (if they are not converted and/or exchanged for shares, and if they are not redeemed in advance). The option to convert or exchange the bonds can be exercised by the OCEANE bondholders at any time until the seventh business day preceding the scheduled or early redemption date. At December 31, 2015, all of the 2.5% 2019 OCEANE bonds were still outstanding.
As a result of the rights issue carried out on November 8, 2013, in accordance with the adjustment formulae provided for in the issue terms and conditions of the 2.5% 2019 OCEANE bonds, since November 8, 2013, one 2.5% 2019 OCEANE bond has been convertible into 1.1250 Nexans shares compared with the previous conversion ratio of one share per bond.

(3) The 960,742 outstanding stock options granted by the Company, representing approximately 2.25% of the Company's capital and exercisable for one share each.

(4) The 888,552 performance shares (based on the achievement of maximum performance targets) granted to employees and corporate officers, representing approximately 2.08% of the Company's share capital at December 31, 2015.

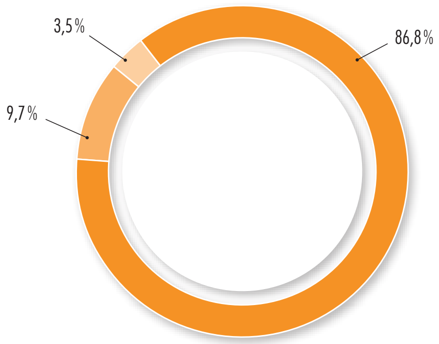
(5) The 70,544 free shares (with no performance conditions attached) granted to certain employees, representing approximately 0.16% of the Company's share capital at December 31, 2015.

Except for the above-mentioned instruments, at December 31, 2015 there were no securities that were convertible, redeemable, exchangeable or otherwise exercisable for the Company's shares.

The Company's potential share capital – corresponding to its existing capital plus any shares to be issued on the exercise of rights to the Company's shares – represented approximately 125.05% of the Company's capital at December 31, 2015 and 114.49% at January 4, 2016, after taking into account the redemption of the 4% 2016 OCEANE bonds.

Using the authorization given at the Annual Shareholders' Meeting of May 5, 2015, during its meeting on November 24, 2015 the Board of Directors decided to launch a new employee share issue ("Act 2016") involving the issue of up to 500,000 new shares.

6.2.1.3. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS[1] AT DECEMBER 31, 2015



- Institutional investors: 86.8% o/w:
  - Invexans (Quiñenco group, Chile): approximately 28.8% (12,284,094 shares)
  - Bpifrance Participations (France): 7.9% (3,363,446 shares)
  - Financière de l'Échiquier (France): 4.8%(2) (2,025,000 shares)
  - Other institutional shareholders: 45.3% (17,116,163 shares)
- Private investors and employees: 9.7% (4,140,157 shares), o/w:
  - Private investors: 6.6%
  - Employees: 3.1%
- Unidentified shareholders: 3.5% (1,490,920 shares)

Sources: Euroclear France, Nexans share register, shareholder identification survey and threshold disclosures filed with the AMF.

(1) For resolutions in Extraordinary Shareholders' Meetings that relate to major structural transactions (such as mergers and significant capital increases) no single shareholder may exercise voting rights representing more than 20% of the total voting rights of shareholders present or represented at the meeting concerned (see Article 21 of the Company's bylaws).
(2) By way of a letter received on January 27, 2015, Financière de l'Échiquier S.A. informed the Company that, acting on behalf of managed funds, on January 23, 2015 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights, and that at that date it held 2,107,300 Nexans shares and voting rights, representing 4.95% of the capital and voting rights.

As the Company's ownership structure changes frequently, the breakdown above is not necessarily representative of the situation at the date this Registration Document was published.

At December 31, 2015, the members of Nexans' Board of Directors held approximately 0.1% of the Company's capital, both directly and through the FCPE corporate mutual fund.

To the best of the Company's knowledge, no shareholder other than those cited above holds more than 5% of the share capital.

The Company does not hold any treasury shares and each member of the Board of Directors holds at least the number of shares recommended in the Company's bylaws.

Nexans is not aware of the existence of any individual or legal entity that, directly or indirectly, acting alone or in concert, exercises control over its share capital, nor of any agreement that if implemented could trigger a change of control of the Company.

6.2.2. Estimated ownership structure by geographic area

At December 31, 2015, Nexans' estimated ownership structure by geographic area was as follows:

Institutional investors – France	31.3%
Institutional investors – United States	6.1%
Institutional investors – UK and Ireland	11.3%
Institutional investors – Other European countries	9.1%
Institutional investors – Other countries (incl. South America)	29.0%
Private shareholders	6.6%
Employees	3.1%
Unidentified shareholders	3.5%

Sources: Euroclear France, shareholders in registered form, shareholder identification survey and threshold disclosures filed with the AMF.

6.2.3. Legal threshold disclosures filed in 2015

The following threshold disclosures were filed with the AMF in 2015:

Date threshold crossed	Date of disclosure	Declarant company or intermediary	Number of shares and voting rights held	% capital	% voting rights	Disclosure event
01/23/2015	01/27/2015	Financière de l'Échiquier	2,107,300(1)	4.95%	4.95%	Downward crossing of share ownership and voting rights threshold
06/29/2015	06/29/2015	Manning & Napier Advisors LLC	2,092,526(2)	4.92%	4.92%	Downward crossing of share ownership and voting rights threshold

(1) Based on total share capital made up of 42,550,191 shares, representing the same number of voting rights, in accordance with paragraph 2 of Article 223-11 of the AMF's General Regulations.
(2) Based on total share capital made up of 42,551,299 shares, representing the same number of voting rights, in accordance with paragraph 2 of Article 223-11 of the AMF's General Regulations.

6.2.4. Changes in Nexans' ownership structure over the last three years

Shareholders	Estimated situation at December 31, 2013			Estimated situation at December 31, 2014			Estimated situation at December 31, 2015		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Institutional investors	37,182,767	88.4	88.4	38,133,133	90.6	90.6	36,974,819	86.8	86.8
Employees	1,273,399	3.0	3.0	1,291,085	3.1	3.1	1,324,516	3.1	3.1
Members of the Board of Directors	31,292	0.1	0.1	39,709	0.1	0.1	39,253	0.1	0.1
Private shareholders	2,901,742	6.9	6.9	1,682,057	4.0	4.0	2,815,641	6.6	6.6
Treasury stock	-	-	-	-	-	-	-	-	-
Unidentified shareholders	653,945	1.6	1.6	891,315	2.1	2.1	1,490,920	3.5	3.5

6.3. Employee share ownership

The proportion of the Company's share capital owned by employees – calculated in accordance with Article L.225-102 of the French Commercial Code – was 3.1% at December 31, 2015.

6.4. Shareholders' meetings

6.4.1. Meetings

Shareholders of Nexans are called to General Meetings and vote in accordance with the applicable legal provisions and the Company's bylaws.

Information on General Shareholders' Meetings and the procedures for exercising voting rights is provided in Articles 20 (Shareholders' meetings) and 21 (Voting rights) of Nexans' bylaws, which can be viewed on Nexans' website (www nexans.com, Corporate Governance section).

At the Shareholders' Meeting held on November 10, 2011, the "one-share-one-vote rule" was adopted to replace the double voting rights attached to shares owned by a single shareholder for more than two years. At the same meeting, shareholders raised the 8% limit on each shareholder's total voting rights in a Shareholders' Meeting to 20%, applicable only to decisions made at Extraordinary Shareholders' Meetings on major transactions affecting the structure of the Group. This limit prevents the right to veto by any single major shareholder on strategic decisions and is therefore in the interest of all shareholders. At the Shareholders' Meeting held on May 15, 2014, Article 21 of the bylaws was amended to stipulate that the automatic double voting rights provided for by law to bring back the real economy, enacted on March 29, 2014, would not apply at Nexans.

6.4.2. 2016 Annual Shareholders' Meeting

The notice for Nexans' Annual Shareholders' Meeting to be held on May 12, 2016 – containing the agenda, information on how to participate in the meeting, the proposed resolutions and the Board of Directors' report on the resolutions – is available on Nexans' website (www.nexans.com), under Finance and then Shareholders' Information – Shareholders' Meetings – 2016 Annual Shareholders' Meeting.

6.4.2.1. GOVERNANCE – RE-ELECTION AND APPOINTMENT OF DIRECTORS

In addition to the resolutions concerning the approval of the parent company and consolidated financial statements, shareholders will be invited to re-elect Colette Lewiner (independent director) and to appoint Kathleen Wantz-O'Rourke (independent director) and Marie-Cécile de Fougières, (director representing employee shareholders) for four-year terms.

If re-elected or appointed, the terms of the three directors will expire at the close of the Annual Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2019. The profiles of the candidates standing for re-election/appointment are provided in the notice for the Meeting, which is available on Nexans' website (www.nexans.com), under Finance and then Shareholders' Information – Shareholders' Meetings – 2016 Annual Shareholders' Meeting.

If Colette Lewiner is re-elected and if Kathleen Wantz-O'Rourke and Marie-Cécile de Fougières are appointed, the Company would be able to maintain the proportion of independent directors on the Board at more than the 50% recommended for widely-held companies in the AFEP-MEDEF Corporate Governance Code[1]. If the Company's shareholders re-elect Colette Lewiner and appoint Kathleen Wantz-O'Rourke and Marie-Cécile de Fougières, taking into account Frédéric Vincent's retirement and the end of his term of office

(1) Independence rate calculated excluding the director representing employee shareholders, in accordance with Recommendation 9.2 of the November 2015 version of the AFEP-MEDEF Code.

as director as of March 31, 2016 and the departure from the Company of Lena Wujek, the Board of Directors would have 12 members at the close of the Annual Shareholders' Meeting.

Of these, the following six members were qualified as independent by the Board at its meeting on January 20, 2016: Cyrille Duval, Jérôme Gallot, Philippe Joubert, Véronique Guillot-Pelpel, Colette Lewiner and Kathleen Wantz-O'Rourke, corresponding to an independence rate of 54%, which exceeds the 50% recommended for widely-held companies in the AFEP-MEDEF Code[1]. The proportion of women on the Board would be more than 41%, in line with the provisions of the French Act of January 27, 2011 and the November 2015 version of the AFEP-MEDEF Code.

If the candidates are re-elected or appointed, the directors' terms of office would continue to be staggered, and would expire as follows:

2017 Annual Shareholders' Meeting	Jérôme Gallot, Francisco Pérez Mackenna [2], Andrónico Luksic Craig [2]
2018 Annual Shareholders' Meeting	Véronique Guillot-Pelpel, Philippe Joubert, Fanny Letier [2]
2019 Annual Shareholders' Meeting	Georges Chodron de Courcel, Cyrille Duval, Hubert Porte [3]
2020 Annual Shareholders' Meeting	Colette Lewiner, Kathleen Wantz-O'Rourke, Marie-Cécile de Fougières [4]

6.4.2.2. CONSULTATIVE VOTE ON THE COMPENSATION DUE OR PAID TO EXECUTIVE OFFICERS FOR 2015

In accordance with the recommendations of the November 2015 version of the AFEP-MEDEF Code, shareholders will be given a "say on pay" consultative vote on the compensation due or paid for 2015 to the Chairman of the Board of Directors, Frédéric Vincent, and to the Chief Executive Officer, Arnaud Poupart-Lafarge.

The shareholders' say-on-pay vote concerning Frédéric Vincent will relate to the following for 2015: fixed compensation, directors' fees, benefits-in-kind, supplementary pension benefits, personal insurance benefits, and termination and non-compete indemnities.

At the Board of Directors' meeting of February 17, 2016, Frédéric Vincent announced his decision to retire, thereby ending his term of office as Chairman and member of the Board of Directors with effect from March 31, 2016. As his retirement is voluntary and not forced, the Board noted that he would not be eligible for a termination indemnity. In accordance with Article 23.2.5 of the AFEP-MEDEF Code, the Board decided that Frédéric Vincent would not be subject to the non-compete commitment and, consequently, would not be paid a non-compete indemnity. The Board also noted that Frédéric Vincent was a member of the defined benefit pension plan set up by the Group for certain employees and corporate officers. Frédéric Vincent decided to waive all of his unvested rights to stock options and performance shares, the value of which was estimated at over 2.16 million euros[5] at February 1, 2016. The Board acknowledged and thanked him for this initiative.

The shareholders' say-on-pay vote concerning Arnaud Poupart-Lafarge for 2015 will relate to fixed compensation, variable compensation, deferred variable compensation under the 2013 long-term compensation plan in his capacity as Chief Operating Officer, benefits-in-kind, performance shares, supplementary pension benefits, personal insurance benefits, unemployment insurance, and termination and non-compete indemnities.

These components of the compensation due or paid to the Chairman and the Chief Executive Officer for 2015 are detailed in the tables included in the notice of meeting for the 2016 Annual Shareholders' Meeting.

6.4.2.3. FINANCIAL AUTHORIZATIONS – EMPLOYEE SHARE OWNERSHIP – PERFORMANCE SHARE PLAN

The Board of Directors submits an authorization to the shareholders to grant stock options and performance shares in 2016 and 2017.

The Board wishes to defer the implementation of long-term incentive plans as from 2017. The objective is to adopt such plans earlier in the year, before the Annual Shareholders' Meeting is held, to reduce the time between the adoption of the long-term incentive plans and the setting of the annual objectives of the executive corporate officer, executives and employees of the Group. The Board is therefore submitting four

(1) Independence rate calculated excluding the director representing employee shareholders, in accordance with Recommendation 9.2 of the November 2015 version of the AFEP-MEDEF Code.
(2) Director proposed by the shareholder Bpifrance Participations.
(3) Director proposed by the Company's principal shareholder, Invexans.
(4) Director representing employee shareholders.
(5) Valued by independent actuaries in accordance with IFRS 2 and the method used for the consolidated financial statements, based on the share price at February 1, 2016.

new authorizations for 2016 and 2017. The maximum dilutive impact of the resulting grants would be 0.85% of the share capital at December 31, 2015 for 2016 and 2017, respectively.

The long-term incentive plans for 2016 and 2017 could give rise, for each of said years, to (i) the allocation of a maximum of 330,000 performance shares and (ii) 30,000 free shares. The free shares would be allocated to certain high-potential managers and/or employees who have delivered exceptional performance (other than Management Council members and performance share grantees), and the allocations would be made on a non-recurring basis. The performance shares would only vest if the beneficiary remains a member of the Group for four years and would be subject to strict performance conditions, each measured over a three-year period. The performance conditions would be divided into two categories – share performance and financial performance. For 2016, these conditions are described in detail in the Board of Directors' report on the proposed resolutions contained in the notice of meeting for the May 12, 2016 Annual Shareholders' Meeting.

Vested shares would be allocated either from newly issued shares or shares bought back under a share buyback program to avoid dilution for shareholders.

The portion of performance shares allocated to the Chief Executive Officer would represent a maximum of 9% of the total number of performance shares authorized for allocation, i.e., around 0.07% of the Company's capital at December 31, 2015 for each year (2016 and 2017).

6.4.3. Summary of financial authorizations submitted to the May 12, 2016 Annual Shareholders' Meeting

SUMMARY OF FINANCIAL AUTHORIZATIONS SUBMITTED TO THE MAY 12, 2016 ANNUAL SHAREHOLDERS' MEETING

The table below summarizes the authorizations submitted to the May 12, 2016 Annual Shareholders' Meeting:

Resolutions proposed at the Annual Shareholders' Meeting of May 12, 2016	Cap per resolution [1]	Overall cap [1]
Purchase by the Company of its own shares under a buyback program (except during a tender offer for the Company), with a maximum per-share purchase price of €60 and provided that the shares issued do not represent more than 10% of the Company's total outstanding shares. Authorization valid for 18 months (**9th resolution**)	€100,000,000	
Cancelation of shares purchased under buyback programs (capital reduction). Authorization valid for 18 months (**10th resolution**).	10% of the Company's total outstanding shares in any period of 24 months	
Allocation of performance shares in 2016 (**11th resolution**)	330,000 shares	**720,000 shares**
Allocation of free shares in 2016 (**12th resolution**)	30,000 shares	
Allocation of performance shares in 2017 (**13th resolution**)	330,000 shares	
Allocation of free shares in 2017 (**14th resolution**)	30,000 shares	

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

6.5. Summary of authorizations to increase the company's share capital and their use during fiscal year 2015

<table>
<tr><th>Resolutions approved at the Annual Shareholders' Meeting of May 5, 2015[1]</th><th>Limit for each resolution[2]</th><th>Sub-limits applicable to several resolutions[2]</th><th>Limits applicable to several resolutions[2]</th><th>Use during fiscal 2015</th></tr>
<tr><td colspan="5">CAPITAL INCREASE WITH AND WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS</td></tr>
<tr><td>Issue of ordinary shares with pre-emptive subscription rights (R19)
with a greenshoe option if oversubscribed (R23)</td><td>10,000,000 shares</td><td>-</td><td rowspan="4">10,000,000 shares</td><td>-</td></tr>
<tr><td>Issue of shares to be paid up by capitalizing additional paid-in capital, reserves or income (R20)</td><td>10,000,000 shares</td><td>-</td><td>-</td></tr>
<tr><td>Issue of debt securities carrying rights to capital securities (convertible bonds, equity notes, bonds with stock warrants, OCEANE bonds, etc.) without pre-emptive subscription rights, through a public offering (R21) or a private placement (R22) with a greenshoe option if oversubscribed (R23)</td><td>4,255,000 shares
Debt securities =
€250,000,000</td><td rowspan="2">4,255,000 shares</td><td>-</td></tr>
<tr><td>Issue of shares or securities carrying rights to shares in payment for securities transferred to the Company as payment for acquisitions (R24)</td><td>4,255,000 shares</td><td>-</td></tr>
<tr><td colspan="5">EMPLOYEE INCENTIVE PLANS</td></tr>
<tr><td>Issue of shares or securities carrying rights to shares reserved for participants in employee share ownership plans (R25)</td><td>400,000 shares</td><td rowspan="2">-</td><td rowspan="2">-</td><td>- [3]</td></tr>
<tr><td>Issue of shares and/or securities carrying rights to shares, for a specific category of beneficiaries under employee share ownership plans (plans d'actionnariat salarié) (R26)</td><td>100,000 shares</td><td>- [4]</td></tr>
<tr><td>Allocation of performance shares (R27)</td><td>350,000 shares</td><td rowspan="2">-</td><td rowspan="2">-</td><td>Allocation of 291,000 shares (if 100% performance target reached) on July 28, 2015

Allocation of 30,000 shares (if 100% performance target reached) on January 1, 2016</td></tr>
<tr><td>Allocation of free shares (R28)</td><td>30,000 shares</td><td>Allocation of 29,960 shares (with no performance conditions attached) on July 28, 2015</td></tr>
<tr><td colspan="5">Total limit of 10,380,000 shares</td></tr>
</table>

(1) In the above table, the abbreviation "R…" stands for the number of the resolution submitted for approval at the Annual Shareholders' Meeting of May 5, 2015.
(2) The maximum number of shares that may be issued corresponds to the maximum nominal amount of the capital increases that could take place as the par value of a Company share is equal to 1 euro.
(3) Use during fiscal 2015 of the authorization approved at the Annual Shareholders' Meeting of May 15, 2014 (Resolution 16): issue on January 21, 2015 of 499,977 new shares for employees participating in share ownership plans.
(4) Use during fiscal 2015 of the authorization approved at the Annual Shareholders' Meeting of May 15, 2014 (Resolution 17): issue on January 21, 2015 of 99,885 new shares for Société Générale.

6.6. Share buybacks

The Annual Shareholders' Meeting on May 5, 2015 authorized the Company to trade in its own shares subject to terms and conditions set by shareholders at the Meeting. At December 31, 2015 no share buyback program had been initiated by the Board of Directors and therefore the Company held none of its own shares at that date.

6.7. Information with a potential impact in the event of a public offer

In addition to the commitments given in favor of Arnaud Poupart-Lafarge as Chief Executive Officer and Frédéric Vincent as Chairman of the Board of Directors, as described in section 2.5. – "Compensation and benefits", certain salaried members of the Company's Management Council would be entitled, in the event of termination of their employment contract (for any reason other than gross negligence or serious misconduct), to an indemnity representing one or two years of their total gross compensation.

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

(1) A multi-year securitization program set up in April 2010 and rolled over in March 2015 under which the amount of receivables that may be sold has been capped at 250 million euros. The receivables sales are carried out through two programs: (i) an "On Balance Sheet" program, under which the sold receivables are not derecognized and the level of outstandings is currently capped at 110 million euros worth of receivables; and (ii) an "Off Balance Sheet" program, under which the sold receivables are derecognized and the level of outstandings is currently capped at 25 million euros worth of receivables. At December 31, 2015, the amounts of financed receivables under the "On Balance Sheet" and "Off Balance Sheet" programs were around 21.2 million euros and 13.4 million euros respectively. According to the terms of this securitization plan, the receivables sales and the programs themselves may be terminated in the event of a change in control of the Company.
(2) The syndicated loan agreement (Multicurrency Revolving Facility Agreement) entered into on December 14, 2015 for an amount of 600 million euros contains an acceleration clause that would be triggered by a change in control of the Company.
(3) The prospectus for the issuance of the "2017 Notes" (2007-2017 5.75% bonds, issued on May 2, 2007 and quoted on the Luxembourg Stock Exchange). Under the terms of the prospectus, noteholders have an early redemption option at 101% of the notes' face value in the event of a change in control of the Company leading to a rating downgrade.
(4) The prospectus for the issuance of the 2.5% 2019 OCEANE bonds, which provides bondholders with an early redemption option on June 1, 2018 (or the first business day thereafter).
(5) The prospectus for the issuance of the 4.25% 2018 OCEANE bonds, which provides bondholders with an early redemption option at 101% of the bonds' face value in the event of a change in control of the Company leading to a rating downgrade.

6.8. Shareholder information

Nexans strives to earn the trust of shareholders by engaging openly with them and providing them with transparent information.

A WIDE RANGE OF FINANCIAL INFORMATION

Each year the Group publishes a Registration Document, a summarized activity report entitled "Overview", a Corporate Social Responsibility and Sustainable Development brochure and three Shareholder Newsletters.

All economic and financial information concerning the Group is available on Nexans' website at www.nexans.com.

The Shareholder E-Club (www.eclub.nexans.com) also provides video coverage and interviews on Nexans' website to help shareholders get better acquainted with the Group, its projects and its markets.
In order to receive regular e-mail updates on important initiatives and events at Nexans, the sole requirements are ownership of one Nexans share and a valid e-mail address.

All queries may be submitted for swift handling via a toll-free service 0 800 898 898 Service & appel gratuits (in France only) or via e-mail to investor.relation@nexans.com.

OPEN DIALOGUE

In 2015, with a view to enriching dialog with individual shareholders, Arnaud Poupart-Lafarge, Nexans' Chief Executive Officer, organized a morning discussion meeting at the Company's head office with a panel of around thirty individual shareholders from different walks of life. Several roadshows are organized each year to promote dialogue with Institutional investors.

The Annual Shareholders' Meeting was held on first call on May 5, 2015 at the Palais des Congrès in Paris and a webcast was available on the Group's website www.nexans.com.

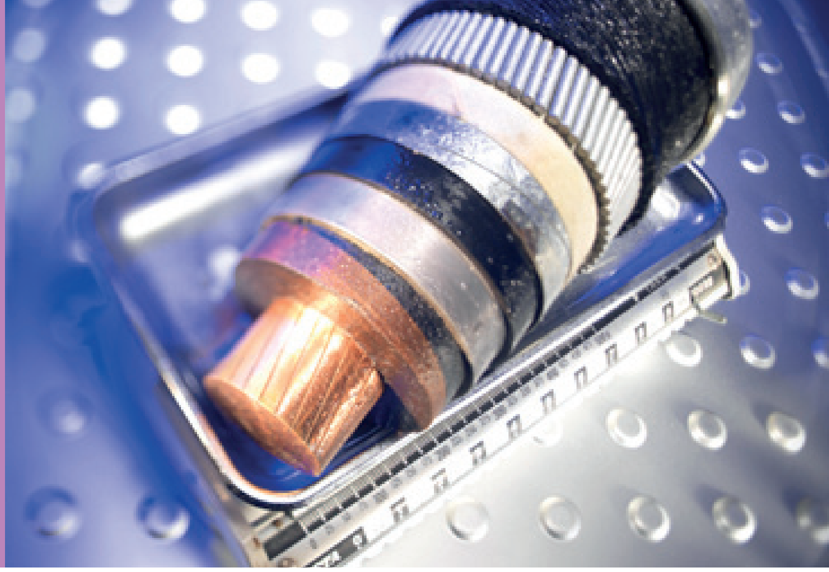
REGISTERED SHARES

When shareholders register their shares directly with Nexans, there are no custody fees. Registered shareholders are sent information directly about the Group, notably notices of Shareholders' Meetings.

Shareholders wishing to convert their shares to registered form can contact Nexans' securities services agent, Société Générale, at the following address:

Société Générale Service des Titres
32, rue du Champ de Tir - BP 81236
44312 Nantes Cedex 3, France
Tel: +33 (0) 2 51 85 67 89, then press *122
Fax: +33 (0)2 51 85 53 42

7 Additional information



7.1. Information about Nexans S.A. and the Group

7.1.1. Simplified organizational structure[1]

NEXANS S.A.

NEXANS PARTICIPATIONS SA (FRANCE)

Europe	France	Nexans Interface, Nexans Power Accessories France, Eurocable, Recycables, Lixis, Linearis, Netlink, Confecta, Nexans Wires, TLM
	Germany	Nexans Deutschland, Nexans Logistik, Nexans Superconductors, Lacroix & Kress, Lackdraht Union Unterstutzüngseinrichtung, Nexans Power Accessories Germany, Nexans Autoelectric, Leitungstechnik Ostbayern (LTO), Elektrokontakt, Metrofunkkabel-Union, Kabeltrommel Gmbh & Co, Logistics Warehousing Systems Gmbh
	Belgium	Nexans Benelux, Nexans Harnesses, Nexans Network Solutions, Opticable, Nexans Services[2], Cabliance Belgique, Cablebel, Cablinter
	Bulgaria	Makris GPH, Elektrokabel Bulgaria
	Denmark	Nexans Denmark
	Spain	Nexans Iberia
	Greece	Nexans Hellas
	Ireland	Nexans Ireland
	Italy	Nexans Italia, Nexans Intercablo, Nexans Partecipazioni Italia
	Lithuania	Gerhardt Petri Vilnius UAB
	Luxembourg	Nexans Re[3]
	Norway	Nexans Norway, Nexans Skagerrak
	Netherlands	Nexans Nederland, Nexans Cabling Solutions
	Poland	Nexans Polska, NPAP Sp Zo.o
	Czech Republic	Elektrometall Sro, Elektromodul Sro, GPH Spol
	Romania	Nexans Romania, Elektrokontakt
	United Kingdom	Nexans UK, Nexans Logistics, Nexans Power Accessories UK
	Slovakia	Nexans Slovakia, Elekroconnect Sro
	Sweden	Nexans Sweden, Axjo Kabel, Elproman AB
	Switzerland	Nexans Suisse, Confecta
	Ukraine	Elektrokontakt Ukraina TzOV, TOV Nexans Ukrain
Middle East, Russia, Africa	South Africa	Nexans Trade, Dynamic Cables South Africa, Dynamic Cables Convergence, Isotech
	Angola	Nexans Angola
	Egypt	ICC Égypte
	United Arab Emirates	Nexan Trade JLT
	Ghana	Nexans Kabelmetal Ghana
	Kazakhstan	Nexans Kazakhstan
	Kenya	Nexans Power Network Kenya Limited
	Morocco	Nexans Maroc, Sirmel Maroc, Tourets et Emballages du Maroc, Cabliance Maroc, Coprema, Imouka
	Nigeria	Nexans Kabelmetal Nigeria, Northern Cable Processing and Manufacturing Company, Nexans Power Networks Nigeria
	Qatar	Qatar International Cable Company
	Russia	Nexans Russia, Impex Electro
	Senegal	Sirmel Sénégal, Les Câbleries du Sénégal, CGE du Sénégal
	Tunisia	Nexans Tunisia, Electrocontact Tunisie
	Turkey	Nexans Turkiye Endustri Ve Ticaret
North America	Canada	Nexans Canada
	United States	Nexans USA, Nexans Energy USA, Nexans Magnet Wire USA, Berk-Tek., Autoelectric USA, Nexans High Voltage USA, Nexans Aerospace USA, AmerCable Incorporated, The Valley Group, Nexans Specialty Holding
South America	Brazil	Nexans Brazil, Cabos de Lorena
	Chile	Nexans Chile, Cotelsa, Colada Continua, Inversiones Nexans, Centro Estudios y capacitation Nexans Limitada
	Colombia	Nexans Colombia
	Mexico	Elektrokontakt S. de R.L de C.V, Mexico
Asia-Pacific	Australia	Olex Australia Pty, Olex Holding Pty, Nexans Australia Holding Pty
	China	Nexans China Wires & Cables Co., Nexans Hong Kong, Nexans Communications (Shanghai) Cable Co., Nexans Autoelectric Tianjin, Nexans (Yanggu) New Rihui Cables Co., Nexans Suzhou
	South Korea	Nexans Korea, Kukdong Electric Wire Co., Daeyoung Cable
	India	Nexans India
	Indonesia	PT Nexans Indonesia
	Japan	Nippon High Voltage Cable Corporation
	New Zealand	Olex New Zealand
	Singapore	Nexans Singapore Pte

INVERCABLE (CHILE) — Indeco Peru, Cobrecon

NEXANS FRANCE SAS (FRANCE) — Liban Cables, Liban Cables Contracting, Liban Cables Packing, Cables Technology Invest Holding Company

*(1) Simplified operational structure at December 31, 2015. Nexans' main direct and indirect subsidiaries are listed in Note **Note 31** to the 2015 consolidated financial statements on pages 199 to 201 of this Registration Document.*
(2) The company responsible for the Group's cash management.
(3) The Group's captive reinsurance company.

7.1.2. General information

7.1.2.1. COMPANY PROFILE

Corporate name and registered office: Nexans
8, rue du Général Foy, 75008 Paris, France
Tel: + 33 (0)1 73 23 84 00

7.1.2.2. LEGAL FORM AND GOVERNING LAW

Nexans is a French joint stock corporation (*société anonyme*), subject to all the laws governing corporations in France, and in particular the provisions of the French Commercial Code.

7.1.2.3. TRADE REGISTER NUMBER

The Company is registered in the Paris Trade Register under number 393 525 852. Its APE business identifier code is 7010Z.

7.1.2.4. DOCUMENTS AVAILABLE TO THE PUBLIC

Nexans' bylaws, the financial statements of the Company and the Group, reports submitted to the Shareholders' Meetings by the Board of Directors and the Statutory Auditors, and all other corporate documents that may be consulted by shareholders in accordance with the applicable laws and regulations are available at the Company's registered office and, in some cases, on Nexans' website at www.nexans.com. This website also contains the legal and financial information that has to be published in accordance with Articles 221-1 et seq. of the General Regulations of the AMF, the Internal Regulations of the Board of Directors, and Nexans' Code of Ethics and Business Conduct.

7.1.2.5. DATE OF INCORPORATION AND TERM

The Company was incorporated on January 5, 1994, under the name "Atalec" (changed to "Nexans" at the Shareholders' Meeting held on October 17, 2000), for a term of 99 years which will expire on January 7, 2093. Nexans was formed from most of Alcatel's cable activities and was floated on the Paris stock market in 2001.

7.1.2.6. CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE BYLAWS)

The Company's purposes in all countries are the design, manufacture, operation and sale of any and all equipment, materials and software for domestic, industrial, civilian, military or other applications in the fields of electricity, telecommunications, information technology, electronics, the aerospace industry, nuclear power, and metallurgy, and in general any and all means of production or means of power transmission and communications (cables, batteries and other components), as well as all activities relating to operations and services which are incidental to these purposes. The acquisition of shareholdings in other companies, regardless of their form, associations, French and foreign groups, regardless of their corporate purpose and activity, as well as, in general, any and all industrial, commercial and financial transactions, involving both securities and real estate, related either directly or indirectly, in whole or in part, to any of the purposes of the Company indicated in the bylaws or to any similar or related purposes.

7.1.2.7. FISCAL YEAR

The Company's fiscal year begins on January 1 and ends on December 31.

7.1.3. Specific provisions of the bylaws

7.1.3.1. FORM OF SHARES, EVIDENCE OF OWNERSHIP AND DISCLOSURE THRESHOLDS (ARTICLE 7 OF THE BYLAWS)

Shares must be held in registered form until they are fully paid up.

Fully paid-up shares may be held in either registered or bearer form, at the shareholder's discretion.

In addition to the legal requirement to inform the Company of holdings exceeding certain fractions of the Company's share capital, any individual or legal entity and/or any existing shareholder whose interest in the Company attains or exceeds 2% of the share capital must notify the Company of the total number of shares held within a period of fifteen days from the time the threshold is crossed; this notification shall be sent by registered letter with return receipt requested. The same disclosure formalities must be carried out each time the threshold of a multiple of 2% of the share capital is crossed. To determine the thresholds, all shares held indirectly shall be taken into account as well as all the forms of shareholding covered by Articles L.233-7 et seq. of the French Commercial Code.

In each notification filed as set forth above, the party making the disclosure must certify that it covers all shares held or deemed to be held pursuant to the foregoing paragraph. They must also disclose the relevant acquisition date(s).

In the event of non-compliance with these disclosure obligations and subject to applicable law, the shareholder shall forfeit the voting rights corresponding to any shares that exceed the thresholds which should have been disclosed. Any shareholder whose stake in the share capital falls below any of the above-mentioned thresholds must also notify the Company within fifteen days, in the same manner as described above.

Ownership of shares is evidenced by an entry in the shareholder's name in the share register held by the issuer or by an accredited intermediary. Transfers of registered shares are made by inter account transfer. All share registrations, payments and transfers shall be made in accordance with the applicable law and regulations. Unless the shareholders concerned are exempted by law, the Company may require that the signatures on disclosures or transaction or payment orders be certified in accordance with the prevailing law and regulations.

In accordance with the applicable laws and regulations the Company may request from any accredited intermediary or other body any information on its shareholders or holders of securities carrying immediate or deferred voting rights, including their identity, the number of securities held and any restrictions on the securities.

7.1.3.2. SHAREHOLDERS' MEETINGS (ARTICLE 20 OF THE BYLAWS)

Shareholders' meetings are convened and conduct business in accordance with the provisions set forth by law and the Company's bylaws. When the required quorum is reached, the Shareholders' Meeting represents all the shareholders. Its resolutions are binding on all shareholders, including those who were absent or dissenting at the meeting concerned. In addition, if decided by the Board of Directors, shareholders may participate in and vote at meetings by videoconference or any other remote transmission method that enables them to be identified, in accordance with the terms and methods set forth by law.

For shareholders to be eligible to attend General Meetings, cast a postal or electronic vote or be represented by proxy the following conditions must be met:

- registered shares must be recorded in the name of their owner in the share register managed by the Company or by its accredited intermediary;
- holders of bearer shares must provide a certificate evidencing ownership of their shares, in accordance with the law.

Postal votes and proxy documents may be signed electronically by shareholders or their legal or judiciary representative provided that the identification requirements set out in Article 1316-4, paragraph 2 of the French Civil Code are respected. In order for postal votes to be taken into consideration they must be received by the Company at least one business day before the meeting (by 3 p.m. CET at the latest), unless a shorter timeframe is provided for under the applicable laws and regulations.

7.1.3.3. VOTING RIGHTS (ARTICLE 21 OF THE BYLAWS)

Subject to applicable law and the Company's bylaws, each shareholder shall have a number of votes equal to the number of shares that they hold or represent. As an exception to the last paragraph of Article L.225-123 of the French Commercial Code, the Company's bylaws do not provide for any double voting rights. Voting rights are exercisable by the beneficial owner at all Ordinary, Extraordinary and Special Shareholders' Meetings.

7.1.3.4. RESTRICTIONS ON VOTING RIGHTS (ARTICLE 21 OF THE BYLAWS)

Regardless of the number of shares held directly and/or indirectly, when voting on the following types of resolution at Extraordinary Shareholders' Meetings, either in person or by proxy, a shareholder may not exercise a number of voting rights representing more than 20% of the voting rights of all shareholders present or represented at the meeting concerned:

(i) Any resolutions relating to any form of reorganization transaction in which the Company is involved and which has an impact on the share capital and/or equity of any participating or resulting entity. Such reorganization transactions notably include partial asset transfers – including those governed by the legal regime applicable to demergers – as well as share for share exchanges, mergers, demergers, partial demergers, reverse mergers or any other similar transactions.

(ii) Any resolutions relating to a public tender offer, public exchange offer, alternative public offer or combined public offer, initiated by or with respect to the Company, including resolutions on how to defend against a takeover bid.

(iii) Any resolutions – other than those related to the transactions referred to in points (i) and (ii) above – that concern capital increases carried out through the issuance of either (a) ordinary shares representing over 10% of the Company's total outstanding ordinary shares at the date of the Extraordinary Shareholders' Meeting concerned and/or (b) securities carrying rights to shares in the Company within the meaning of Articles L.228-91 et seq. of the French Commercial Code, when exercise of such rights could result in a capital increase representing over 10% of the Company's total outstanding ordinary shares at the date of the relevant Extraordinary Shareholders' Meeting.

(iv) Any resolutions relating to a distribution in kind carried out equally for all shareholders.

(v) Any resolutions concerning voting rights, except for resolutions relating to (a) creating double voting rights, (b) lowering the limit on voting rights to below 20%, or (c) extending the list of resolutions subject to the 20% voting rights limit.

(vi) Any resolutions concerning delegating powers to the Board of Directors in connection with any of the transactions referred to in points (i) to (v) above.

For the purpose of applying this voting rights limit, all shares held indirectly shall be taken into account, as well as all the forms of shareholding covered by Articles L.233-7 et seq. of the French Commercial Code.

The above-described limit shall automatically become null and void if an individual or legal entity (acting alone or in concert with one or more other persons or legal entities) holds at least 66.66% of the total number of shares in the Company, following a public tender or exchange offer for all of Nexans' shares.

7.1.3.5. APPROPRIATION OF INCOME (ARTICLE 23 OF THE BYLAWS)

The difference between revenue and expenses for the year, net of any provisions, constitutes the net income or loss for the year as recorded in the income statement. Five percent of the net income, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one tenth of the share capital. Further transfers are made on the same basis if the legal reserve falls below one tenth of the share capital, whatever the reason.

Income available for distribution consists of net income for the year less any losses brought forward from prior years and any transfer made to the legal reserve as explained above, plus retained earnings brought forward from prior years. On the recommendation of the Board of Directors, shareholders in a General Meeting may appropriate all or part of said income to retained earnings or to general or special reserves, or decide to pay all or part of the amount to shareholders in the form of a dividend. In addition, the shareholders may resolve to distribute amounts taken from discretionary reserves either to pay all or part of a dividend or as an exceptional dividend. In this case, the resolution shall indicate specifically the reserve account from which the payments are to be made. However, dividends will first be paid out of distributable income for the year.

Shareholders at an Ordinary General Meeting may decide to offer each separate shareholder the option of receiving all or part of the final dividend or any interim dividend in the form of shares instead of cash.

In the event of interim dividends, the Shareholders' Meeting or the Board of Directors shall determine the date on which the dividend is to be paid.

7.1.4. Material contracts

Apart from contracts entered into in the ordinary course of business, including acquisition, divestment and financing contracts relating to current bond debt and the multicurrency revolving facility agreement, as described in this Registration Document in **Note 25** "Financial risks" (page 180) and the receivables securitization program described in **Note 25.A** "Liquidity risks" to the 2015 consolidated financial statements (page 180), no other material contracts were entered into by the Company and/or any other member of the Group in the two years immediately preceding the publication of this Registration Document which contain provisions under which any member of the Group has an obligation or entitlement that is material to the Group's operations, financial position or cash flow.

7.1.5. Investments

The main acquisitions carried out by the Group during the year and the main partnerships entered into are described in the "Material contracts" section above.

Nexans' gross capital expenditure came to 176 million euros in 2015 (versus 161 million euros in 2014), and broke down as follows:

- By market: investment projects mainly concerned (i) energy infrastructure, with the capacity expansion of submarine cables and accessories, (ii) industry, with the opening of the Group's new Shanghai plant, and the continued rollout of the automotive harnesses business in China and low-cost countries, and (iii) cables for the building industry, with the successful completion of the Group's manufacturing optimization program in North America.
- By geographic area: projects in Europe focused on ordering submarine cables in Norway, cutting costs in Western Europe, and continuing to grow the Group's automotive business in Eastern Europe. In Asia, efforts were concentrated on transferring the manufacturing of specialty cables to the new plant in China. In North America, the focus was on optimizing logistics sites and productivity.
- By category: nearly 60% of capital expenditure was dedicated to expansion/capacity expansion projects, and nearly 20% to cutting costs.

In 2016, the Group intends to pursue its submarine cable capacity expansion program and the development of its automotive harnesses business, while completing the transfer to its new plant in China and continuing its cost cutting and manufacturing optimization programs in Europe.

7.1.6. Property, plant and equipment

The Group's plants and facilities are located in 58 countries around the world, and they represent a wide range of sizes and types of business. None of the Group's property, plant or equipment individually represents a material amount for the Group as a whole (i.e., an amount exceeding 7% of the Group's total gross property, plant, and equipment – replacement value). As an industrial group, Nexans does not own significant non-operating real estate assets.

The environmental issues raised by the use of property, plant and equipment are addressed in the "Environmental approach and data" section 4.1. et seq. of this Registration Document.

7.1.7. Legal and arbitration proceedings

To the best of the Company's knowledge, other than the cases referred to in this Registration Document, there are no governmental, administrative, legal or arbitration proceedings (including any such proceedings that are pending or threatened) which may have, or have had in the past twelve months, a material impact on the financial position or profitability of the Company and/or the Group, taking into account provisions already recognized, insurance coverage in place and the possibility of recourse against third parties, as well as Management's assessment of the probability of a material impact occurring after factoring in these parameters. The cases referred to in this Registration Document are described in section 3.1. "Risk factors" and Note 21 "Provisions" and Note 29 "Disputes and contingent liabilities" to the 2015 consolidated financial statements.

7.1.8. Significant events since the year-end and approval of the 2015 management report

To the best of the Company's knowledge at the date of this Registration Document, no significant changes in Nexans' financial or trading position have occurred since March 14, 2016 – the date on which the 2015 corporate financial statements were closed off and the 2015 Management Report adopted.

7.2. List of related-party agreements and commitments

7.2.1. Prior agreements and commitments remaining in force in 2015

The Board of Directors of February 17, 2016, examined the agreements and commitments previously authorized and entered into, and remained in force in 2015, in accordance with Article L225-40 of the French Commercial Code.

7.2.1.1. CORPORATE OFFICER INVOLVED: FRÉDÉRIC VINCENT, CHAIRMAN OF THE BOARD OF DIRECTORS

The agreements and commitments below concerning Frédéric Vincent's term of office as Chairman were entered into in 2014 and remained in force in 2015. These agreements and commitments were approved by the May 5, 2015 Annual Shareholders' Meeting.

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event of his removal from office as Chairman of the Board of Directors.

The termination indemnity would be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that, in accordance with paragraph 3 of the Appendix to the Board of Directors' Internal Regulations, this condition will be deemed to be met unless the departure is due to serious misconduct), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chairman's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

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

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

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

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

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

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

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

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent, under which he undertakes not to exercise any business that would compete either directly or indirectly with any of the Company's businesses for a period of two years from the end of his term of office as Chairman of the Board of Directors, irrespective of the reason for the termination of his duties.
In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

Welfare and pension plans

On July 24, 2014, in connection with his term of office as Chairman of the Board of Directors, the Board of Directors confirmed that Frédéric Vincent could remain registered with the defined benefit pension plan set up by the Group for certain employees and corporate officers, as well as with Nexans' welfare plan (death, disability, incapacity and medical expenses).

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. At its meeting on November 25, 2008, the Board of Directors amended the plan's regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the Company.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling provided for in the AFEP-MEDEF Code.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of the beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

7.2.1.2. CORPORATE OFFICER INVOLVED: ARNAUD POUPART-LAFARGE, CHIEF EXECUTIVE OFFICER

The agreements and commitments below concerning Arnaud Poupart-Lafarge's term of office as Chief Executive Officer were entered into in 2014 and remained in force in 2015. These agreements and commitments were approved by the May 5, 2015 Annual Shareholders' Meeting.

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Arnaud Poupart-Lafarge in the event of his removal from office as Chief Executive Officer as of October 1, 2014.

The termination indemnity would be payable only in the event of a forced departure due to a change of control or strategy, which will be deemed to be the case unless specifically decided otherwise in accordance with the Board of Directors' Internal Regulations and after the Board of Directors has placed on record that the performance conditions have been met.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

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

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

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

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

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e., either one or two years).

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

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

The termination indemnity would be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that this condition will be deemed to be met in accordance with the conditions set out in paragraph 3 of the Appendix to the Board of Directors' Internal Regulations), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

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

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Arnaud Poupart-Lafarge with effect from October 1, 2014 under which he undertakes 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, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

Supplementary pension, welfare and unemployment insurance plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer as of October 1, 2014, the Board of Directors approved the registration of Arnaud Poupart-Lafarge with the defined benefit pension plan set up by the Group for certain employees and corporate officers, Nexans' welfare plan (death, disability, incapacity and medical expenses) and the unemployment insurance plan.

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with the Company. At its meeting on November 25, 2008, the Board of Directors amended the plan's regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the Company.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling provided for in the AFEP-MEDEF Code.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

7.2.1.3. AGREEMENT EXECUTED WITH A SHAREHOLDER HOLDING MORE THAN 10% OF THE COMPANY'S CAPITAL AND VOTING RIGHTS AND CORPORATE OFFICERS INVOLVED: ANDRÓNICO LUKSIC CRAIG (NEXANS AND INVEXANS BOARD MEMBER), FRANCISCO PÉREZ MACKENNA (NEXANS BOARD MEMBER AND INVEXANS BOARD VICE-CHAIRMAN) AND HUBERT PORTE (NEXANS AND INVEXANS BOARD MEMBER)

Invexans (Quiñenco group) engagement letter of May 22, 2014

On May 22, 2014, the Board of Directors accepted Invexans' long term commitment, under the terms and conditions of which, Invexans will not request representation on the Board in excess of three non-independent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) The filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans.
(2) A third party not acting, within the meaning of Article L.233-10 of the French Commercial Code, in concert with Invexans, holds a share in the Company that exceeds the lower of the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights held by Invexans at that time.
(3) The percentage of the share capital held by Invexans in Nexans falls below 10%.
(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial market authority (Autorité des marchés financiers – AMF).

7.2.1.4. CORPORATE OFFICER INVOLVED: JÉRÔME GALLOT (NEXANS BOARD MEMBER)

Service contract of October 21, 2014

On July 24 and September 22, 2014, the Board of Directors approved a service agreement with Jérôme Gallot, a member of Nexans' Board of Directors, to carry out an in-depth diagnostic analysis assignment to streamline the Group's legal structures. The Company did not have the internal resources to carry out this assignment during the Group's reorganization launched in 2014 and continued in 2015.

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

The objective, nature and compensation for this assignment were reviewed by the Appointments, Compensation and Corporate Governance Committee, excluding Jérôme Gallot, before approval by the Board of Directors, and ratification by the May 5, 2015 General Shareholders' Meeting.

Jérôme Gallot submitted his report in January 2015 and under this contract, received total compensation of 19,950 euros, paid in January 2015.

7.2.2. Agreements and commitments executed in 2015 and submitted for ratification at the May 2016 Annual Shareholders' Meeting

None

7.2.3. Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Nexans, we hereby report to you on relatedparty agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, and on the reasons for implementing them, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

We were not informed of any agreement or commitment entered into during the year to be submitted for approval at the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

a) which were implemented during the year ended December 31, 2015

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Shareholders' Meeting in previous years, remained in force during the year ended December 31, 2015.

Invexans (Quiñenco group) engagement letter of May 22, 2014 – Agreement executed with a shareholder holding more than 10% of the Company's capital and voting rights and corporate officers involved: Andrónico Luksic Craig, Nexans Board member and Chairman of the Board of Directors of Invexans, Francisco Pérez Mackenna, Nexans and Invexans Board member, and Hubert Porte, Nexans and Invexans Board member

On May 22, 2014, the Board of Directors accepted Invexans' long-term commitment, under the terms and conditions of which, Invexans will not request representation on the Board in excess of three non-independent members on a Board of 14 members, or if the Board were to be enlarged, in excess of a number of directors proportionate to its shareholding.

This commitment entered into force on May 22, 2014 and will expire on November 26, 2022 or before this date should one of the following events transpire:

(1) The filing of a public offer for Nexans' entire share capital and voting rights including, to avoid any ambiguity, by Invexans.

(2) A third party not acting, within the meaning of Article L.233-10 of the French Commercial Code, in concert with Invexans, holds a share in the Company that exceeds the lower of the following thresholds: (i) 15% of the share capital or voting rights or (ii) the percentage of the share capital or voting rights held by Invexans at that time.

(3) The percentage of the share capital held by Invexans in Nexans falls below 10%.

(4) Invexans holds 30% or more of the share capital or voting rights in Nexans following a transaction approved by Nexans' shareholders and has obtained an exemption from the obligation to file a takeover bid from the French financial market authority (Autorité des Marchés Financiers – AMF).

b) which were not implemented during the year ended December 31, 2015

In addition, we have been informed of the following agreements and commitments approved at the Shareholders' Meeting in previous financial years, which remained in force but were not implemented in financial year 2015.

1.1 Corporate officer involved: Frédéric Vincent, Chairman of the Board of Directors

The agreements and commitments below concerning Frédéric Vincent's term of office as Chairman of the Board of Directors were entered into in 2014 and remained in force in 2015. These agreements and commitments were approved by the May 5, 2015 Annual Shareholders' Meeting

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Frédéric Vincent in the event of his removal from office as Chairman of the Board of Directors.

The termination indemnity would be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that, in accordance with paragraph 3 of the Appendix to the Board of Directors' Internal Regulations, this condition will be deemed to be met unless the departure is due to serious misconduct), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chairman's duties, in accordance with Article L.225421 of the French Commercial Code.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

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

(1) A share performance condition based on Nexans' share performance as compared with that of the SBF 120 index (or any equivalent index that may replace it in the future), measured over a three-year period ending on the date of Frédéric Vincent's forced departure. This condition would be deemed to be met if during the 60-day period ending on the date of forced departure, the average of Nexans' share price ratio on the SBF 120 index (based on closing prices) equals at least 50% of the same average calculated over the 60-day period ending three years before the date of forced departure.
(2) A financial performance condition based on achievement of the Group's annual operating margin objective. This condition would be deemed to be met if the average achievement rate of the Group's annual operating margin objectives for the three calendar years preceding the date of forced departure were at least 50%.
(3) A financial performance condition based on free cash flow, which would be deemed to be met if free cash flow were positive for each of the three calendar years preceding the date of forced departure. Free cash flow corresponds to EBITDA less CAPEX and less the change in average working capital for the year concerned and the previous year.

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

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

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

At the Board of Directors' meeting of February 17, 2016, Frédéric Vincent announced his decision to retire, thereby ending his term of office as Chairman and member of the Board of Directors of Nexans with effect from March 31, 2016.

As his retirement is voluntary and not forced, the Board noted that he would not be eligible for the termination indemnity.

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Frédéric Vincent, under which he undertakes not to exercise any business that would compete either directly or indirectly with any of Nexans' businesses for a period of two years from the end of his term of office as Chairman of the Board of Directors, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his total fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

At the Board of Directors' meeting of February 17, 2016, Frédéric Vincent announced his decision to retire, thereby ending his term of office as Chairman and member of the Board of Directors of Nexans with effect from March 31, 2016.

In accordance with Article 23.2.5 of the AFEP-MEDEF Code, it was decided at the Board of Director's meeting on February 17, 2016 that Frédéric Vincent would not be subject to the non-compete commitment and, consequently, would not be paid a non-compete indemnity.

Welfare and pension plans

On July 24, 2014, in connection with his term of office as Chairman of the Board of Directors, the Board of Directors confirmed that Frédéric Vincent could remain registered with the defined benefit pension plan set up by the Group for certain employees and corporate officers, as well as with Nexans' welfare plan (death, disability, incapacity and medical expenses).

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with Nexans. At its meeting on November 25, 2008, the Board of Directors amended the plan's regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the Company.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling provided for in the AFEP-MEDEF Code.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of the beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

Under this plan, Frédéric Vincent would receive a gross annual pension payment of approximately 301,000 euros. Payroll and similar taxes to be paid by Nexans would amount to 1,423,590 euros.

1.2 Corporate officer involved: Arnaud Poupart-Lafarge, Chief Executive Officer

The agreements and commitments below concerning Arnaud Poupart-Lafarge's term of office as Chief Executive Officer were entered into in 2014 and remained in force in 2015. These agreements and commitments were approved by the May 5, 2015 Annual Shareholders' Meeting.

Termination indemnity

On July 24, 2014, the Board of Directors approved the allocation of a termination indemnity to Arnaud Poupart-Lafarge in the event of his removal from office as Chief Executive Officer as of October 1, 2014.

The termination indemnity would be payable only in the event of a forced departure due to a change of control or strategy, which will be deemed to be the case unless specifically decided otherwise in accordance with the Board of Directors' Internal Regulations and after the Board of Directors has placed on record that the performance conditions have been met.

The indemnity would be equal to two years of his total fixed and variable compensation, i.e., 24 times his most recent monthly base salary (fixed portion) prior to the month of his termination plus the most recent corresponding percentage of his bonus (fixed portion).

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

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

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

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

If Arnaud Poupart-Lafarge's forced departure takes place before the end of three full years as from the date he took up his position, the operating margin and free cash flow conditions will be assessed based on the number of full years completed (i.e., either one or two years).

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

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

The termination indemnity would be payable only (1) in the event of a forced departure due to a change of control or strategy (it being specified that this condition will be deemed to be met in accordance with the conditions set out in paragraph 3 of the Appendix to the Board of Directors' Internal Regulations), and (2) after the Board of Directors has placed on record that the applicable performance conditions have been met, either at the time of or after the termination or change in the Chief Executive Officer's duties, in accordance with Article L.225-42-1 of the French Commercial Code.

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

Non-compete indemnity

On July 24, 2014, the Board of Directors approved the allocation of a non-compete indemnity to Arnaud Poupart-Lafarge with effect from October 1, 2014 under which he undertakes 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, irrespective of the reason for the termination of his duties.

In return for this undertaking he will receive a non-compete indemnity which will be paid in 24 equal and successive monthly installments and will correspond to one year of his fixed and variable compensation, i.e., 12 times the amount of his most recent monthly compensation (fixed portion) plus the corresponding percentage of his bonus.

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

Supplementary pension, welfare and unemployment insurance plan

On July 24, 2014, in connection with his term of office as Chief Executive Officer as of October 1, 2014, the Board of Directors approved the registration of Arnaud Poupart-Lafarge with the defined benefit pension plan set up by the Group for certain employees and corporate officers, Nexans' welfare plan (death, disability, incapacity and medical expenses) and the unemployment insurance plan.

The regulations for the defined benefit plan – which the Board of Directors adopted in 2004 and subsequently amended in 2008 – make the plan's benefits conditional upon the beneficiary ending his professional career while still with Nexans. At its meeting on November 25, 2008, the Board of Directors amended the plan's regulations by making plan benefits for new corporate officers conditional upon five years' seniority with the Company.

The lifetime pension amount, with survivor benefits, is based on the beneficiary's average annual compensation for the last three years before his retirement. This pension supplements the mandatory and supplementary basic pension plans and is limited to 30% of the beneficiary's fixed and variable compensation, i.e., below the 45% ceiling provided for in the AFEP-MEDEF Code.

The supplementary pension plan complies with the recommendations of the AFEP-MEDEF Code as regards the number of beneficiaries, length of service, and limiting the percentage of beneficiaries' fixed and variable compensation as well as the reference period used for calculating plan benefits.

Arnaud Poupart-Lafarge would receive a gross annual pension payment of approximately 94,000 euros, it being specified that this amount is calculated as if Arnaud Poupart-Lafarge could benefit from the pension as of January 1, 2016. It does not take into account that conditions such as seniority, age of retirement, completion of career at Nexans and entitlement to a basic and supplementary pension have not been fulfilled. Payroll and similar taxes to be paid by Nexans would amount to 1,413,077 euros.

AGREEMENTS AND COMMITMENTS APPROVED DURING THE YEAR

We were informed that the following agreements and commitments, already approved by the Shareholders' Meeting on May 5, 2015, following the Statutory Auditors' special report of March 18, 2015, were implemented during the year.

Corporate officer involved: Jérôme Gallot, Nexans Board member

Service contract of October 21, 2014

On July 24 and September 22, 2014, the Board of Directors approved a service agreement with Jérôme Gallot, a member of Nexans' Board of Directors, to carry out an in-depth diagnostic analysis assignment to streamline the Group's legal structures.

The objective, nature and compensation for this assignment were reviewed by the Appointments, Compensation and Corporate Governance Committee, excluding Jérôme Gallot, before approval by the Board of Directors, and ratification by the May 5, 2015 Annual Shareholders' Meeting.

Jérôme Gallot submitted his report in January 2015 and under this contract, received total compensation of 19,950 euros, paid in January 2015.

Neuilly-sur-Seine and Courbevoie, March 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Éric Bulle

Mazars
Isabelle Sapet

7.3. Statutory auditors

STATUTORY AUDITORS

Mazars
(member of the Compagnie Régionale des Commissaires aux Comptes de Paris)
Tour Exaltis, 61, rue Henri Régnault, 92075 Paris-La Défense Cedex, France, represented by Isabelle Sapet
Appointed on May 5, 2015.
Term expires at the 2021 Annual Shareholders' Meeting.

PricewaterhouseCoopers Audit
(member of the Compagnie Régionale des Commissaires aux Comptes de Versailles)
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France, represented by Eric Bulle.
Appointed on May 15, 2012.
Term expires at the 2018 Annual Shareholders' Meeting.

SUBSTITUTE AUDITORS

Gilles Rainaut
Tour Exaltis, 61, rue Henri Régnault, 92075 Paris-La Défense Cedex, France
Appointed on May 5, 2015.
Term expires at the 2021 Annual Shareholders' Meeting.

Étienne Boris
63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
Appointed on May 15, 2012.
Term expires at the 2018 Annual Shareholders' Meeting.

FEES PAID BY NEXANS TO THE STATUTORY AUDITORS IN 2015

(in thousands of euros)	Mazars [1]		PricewaterhouseCoopers Audit	
	2015 Amount (excl. Taxes)	2015 %	2015 Amount (excl. Taxes)	2015 %
AUDIT SERVICES				
Statutory and contractual audits				
■ Parent company	200	12%	225	13%
■ Fully consolidated companies	1,286	74%	1,156	66%
Other audit-related services				
■ Parent company	160	9%	0	0%
■ Fully consolidated companies	85	5%	151	9%
SUB-TOTAL	1,731	100%	1,532	87%
OTHER SERVICES				
Tax, legal and labor-related services	0	0%	145	8%
Other	4	0%	85	5%
SUB-TOTAL	4	0%	230	13%
TOTAL	**1,736**	**100%**	**1,762**	**100%**

(1) At the May 5, 2015 Annual Shareholders' Meeting, the shareholders appointed Mazars to replace KPMG as the Company's Statutory Auditor for a six-year term as provided for by law.

FEES PAID BY NEXANS TO THE STATUTORY AUDITORS IN 2014

(in thousands of euros)	KPMG International [1]		PricewaterhouseCoopers Audit	
	2015 Amount (excl. Taxes)	2015 %	2015 Amount (excl. Taxes)	2015 %
AUDIT SERVICES				
Statutory and contractual audits				
■ Parent company	212	13%	383	13%
■ Fully consolidated companies	1,227	75%	2,115	70%
Other audit-related services				
■ Parent company	30	2%	0	0%
■ Fully consolidated companies	85	5%	215	7%
SUB-TOTAL	1,554	95%	2,713	90%
OTHER SERVICES				
Tax, legal and labor-related services	86	5%	243	8%
Other	1	0%	64	2%
SUB-TOTAL	87	5%	307	10%
TOTAL	**1,641**	**100%**	**3,020**	**100%**

(1) At the May 5, 2015 Annual Shareholders' Meeting, the shareholders appointed Mazars to replace KPMG as the Company's Statutory Auditor for a six-year term as provided for by law.

7.4. Statement by the person responsible

for the registration document containing an annual financial report

Paris, April 7, 2016

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, (i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operations of the Company and its subsidiaries, and (ii) the management report provides a fair review of the business, results of operations and financial position of the Company and its subsidiaries, as well as a description of the principal risks and uncertainties to which they are exposed.

I obtained a completion letter from the Statutory Auditors confirming that they have read the Registration Document in its entirety and verified the information contained therein relating to the Group's financial position and accounts.

The Statutory Auditors' report presented on pages 197 and 198 of the Registration Document filed with the AMF on April 7, 2014 under number D.14-0296 relating to the consolidated financial statements for 2013 contains the following observation: *"Without qualifying our opinion, we draw your attention to* **Note 2.e** *"Investigations by the EU antitrust authorities" and the "Antitrust investigations" section of* **Note 30** *"Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the Company."*

The Statutory Auditors' report presented on pages 186 and 187 of the Registration Document filed with the AMF on March 27, 2015 under number D.15-0212 relating to the consolidated financial statements for 2014 contains the following observation: *"Without qualifying our opinion, we draw your attention to: section e "Antitrust investigation: April 7, 2014 notification of the European Commission's decision" of* **Note 2** *"Significant events of the year" to the consolidated financial statements, and section a "Antitrust investigations" of* **Note 29** *"Disputes and contingent liabilities" to the consolidated financial statements, which describe the antitrust investigations initiated against the Company."*

The Statutory Auditors' report presented on pages 202 and 203 of this Registration Document relating to the consolidated financial statements for 2015 contains the following observation: *"Without qualifying our opinion, we draw your attention to* **section E** *"Antitrust investigations" of* **Note 2** *to the consolidated financial statements and section A "Antitrust investigations" of* **Note 29** *"Disputes and contingent liabilities"*.

The Statutory Auditors' report presented on pages 231 and 232 of this Registration Document relating to the parent company financial statements for 2015 contains the following observation: *"Without qualifying our opinion, we draw you attention to* **Note 26** *"Other information" to the financial statements, which describes the investigations initiated against the Company and its subsidiary, Nexans France SAS, in relation to anticompetitive behavior."*

Arnaud Poupart-Lafarge,
Directeur Général

8 Concordance tables

8.1. Concordance table of the Registration document

Pursuant to Article 28 of European regulation no. 809/2004 of April 29, 2004, the following are incorporated by reference in this Registration document:

- The Group's consolidated financial statements and the Statutory Auditors' reports for the year ended December 31, 2014, and the information contained in the Management Report, presented on pages 112 *et seq.* and 16 *et seq.*, respectively, of the 2014 Registration document filed with the French financial markets authority (Autorité des Marchés Financiers - AMF) on March 27, 2015 under no. D.15-0212.

- The Group's consolidated financial statements and the Statutory Auditors' reports for the year ended December 31, 2013, and the information contained in the Management Report, presented on pages 106 *et seq.* and 14 *et seq.*, respectively, of the 2013 Registration document filed with the AMF on April 7, 2014 under no. D.14-0296.

The sections of the 2014 and 2013 Registration documents not included are either not applicable for investors or are covered by another section in this 2015 Registration document.

The pages in the table below refer to this Registration document.

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23. INFORMATION OBTAINED FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST	**N/A**
24. DOCUMENTS ON DISPLAY	**253**
25. INFORMATION ON SHAREHOLDINGS	**199-201 ; 252**

8.2. Concordance table of the annual financial report

This Registration Document contains all the information included in the annual financial report and referred to in Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the AMF's General Regulations.

The page numbers in the table below refer to this Registration Document.

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8.3. Concordance table of the Management Report

This Registration Document contains all the information included in the Board of Directors' Management Report, within the meaning of Articles L.226-100 *et seq.* of the French Commercial Code.

The page numbers in the table below refer to this Registration Document.

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FOR FURTHER INFORMATION

Nexans' corporate and financial publications may be accessed directly at www.nexans.com or may be requested from:

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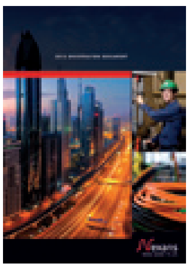
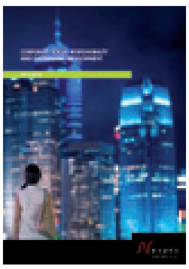
Nexans 2016 Overview



Registration document 2015



2015 CSR brochure

CRÉDITS

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Every day, our energy and data cables make it possible for millions of people to take action, make things, get around, stay informed, communicate, have fun and stay healthy.

Our mission: to design, produce and market cables and cabling systems that transport the electricity and data we need in our daily lives and societies safely, reliably, efficiently and sustainably.

On the leading edge of our industry for over a century, we provide solutions for the most complex applications in the most demanding environments.
Through our combination of technological leadership, global expertise and local presence, we can effectively partner our customers' development projects, offering them the best conditions for achieving their objectives while respecting the highest levels of safety and taking the greatest possible care of people and the environment.

A world leader in the cable industry, we bring energy to life.

Nexans is listed on NYSE Euronext Paris.

Nexans
BRINGS ENERGY TO LIFE