

Factors relating to risks, non-recurring events, disputes

RISK IDENTIFICATION AND MANAGEMENT

In addition to regular review made by the head office of its divisions and subsidiaries and monthly reporting by division managers, Nexans has implemented certain procedures designed to identify and manage risks.

The role of the Internal Audit Department is to identify, analyse and evaluate risks and to check that internal procedures are being implemented and are reliable.

Accordingly, the Internal Audit Department undertakes audits to verify that the measures that have been implemented are effective and adapted to potential risks.

A global risk review was launched in 2001, which was conducted jointly by the Internal Audit Department and a firm of consultants. The review was aimed at identifying risks and areas of risk and evaluating their impact on the financial position of the Nexans group and its income.

Risks were identified through interviews with Executive Committee members, the managers of corporate functions, product line managers and country managers.

Risks were evaluated according to the frequency with which they are likely to occur and the gravity of the consequences which may result from the occurrence of the risk. The level of risk was evaluated and graded before and after application of existing internal procedures.

In addition, a questionnaire is sent by the Legal Department to the Group subsidiaries on a regular basis, and at least twice a year, to identify the risks of legal action being taken and/or any pre-litigation, the risks specific to the relevant area of activity or to activities undertaken in countries which are considered to be high risk, legal risks and risks relating to financial commitments which may have an impact on the Group's assets.

The highest risk levels identified amongst those risks identified as being specific to the activity of Nexans or the Nexans Group, were the following :

RISKS RELATING TO NEXANS' BUSINESS

Risks linked to the seasonal nature of Nexans' business

Nexans' activities are subject to seasonal fluctuations. Consequently, income generated during the first six months of the year is generally lower than in the second half of the year. Historically, this difference can largely be explained by the following factors:

- a large number of Nexans' products are linked to the construction of outdoor infrastructure. Orders relating to these products therefore tend to be placed when climatic conditions are more favorable and in particular in the second and third quarters of the year,
- customers generally place major orders for delivery during the fourth quarter, at the end of the annual budget period, for public projects in particular,
- Nexans' working capital requirements increase significantly during the first quarter of each year due to the increase in stocks needed to carry out orders already placed or expected during the second and third quarters. This increase in working capital requirements during the first and second quarters generally leads to an increase in debt levels and thus financial expenses. During the third and fourth quarters, a decrease in Nexans' working capital requirements and debt levels is generally observed.

Risks relating to commercial operations

Contract conditions, risks of defects

The nature of Nexans' business exposes it to claims for product liability and claims for damage to property or third parties allegedly caused by its products.

Nexans gives performance guarantees for its products which may be for considerable period of time. Furthermore, guarantees given to Nexans by supply contracts for the materials and components used in its products do not always match those Nexans gives to its customers, for example, in the optical fiber sector.

Five to six percent of Nexans' sales are derived from contracts for the supply and installation of cables as part of turnkey infrastructure projects. These contracts relate primarily to the high-voltage products of the Energy division and underwater installations by the Norwegian subsidiary. Individual contracts often have a high value and include penalty and liability clauses in the event Nexans is unable to fulfill its commitments in terms of time schedule and quality (for example, technical defects requiring intervention after installation due to product non-conformity resulting from production anomalies). The amount of penalties involved, the size of claims for damages or the financial impact on the project due to delays, if these clauses were involved, may have a significant negative impact on Nexans' financial situation and income.

Procedures have therefore been put in place to limit these risks, in particular stringent quality control tests at the level of the production line. Nexans' units are certified ISO 9001 or 9002 certification as appropriate. Overall quality is the driving force behind the ongoing improvement plan that is part of the Corporate Program + initiative.

Program + is being implemented in 25 units and more than 1,500 Nexans' employees have already participated in the program.

Methodologies used in Program + are strictly aligned on ISO 9000-2000 certification criteria. Every month, units monitor a set of indicators that evaluate the progress being made in terms of quality and customer satisfaction. Customer satisfaction surveys are also being introduced.

In addition, systematic risk evaluation is becoming standard procedure for large contracts.

Efforts are also being made to educate sales teams about risks inherent in sales contracts and in the negotiation of contract conditions, with the involvement of group lawyers.

Furthermore, Nexans currently holds liability assurance that it considers to be in line with sector standards, but cannot guarantee such insurance offers sufficient coverage for claims made against the Group.

Certain clients (e.g., EDF, EADS or Sonepar in France, E.ON in Germany, ELIA RT Electrabel in Belgium) account for a significant portion of Nexans' sales. However, no one client generates more than 3% of global sales.

The level of bad debt is low and in line with the provisions booked. Bad debt risk is analyzed client-by-client and a

statistical analysis of accounts receivable is made for small amounts and updated quarterly.

The sales contracts of certain Nexans Group subsidiaries, both in France and abroad, are covered by a short-term credit risk insurance policy with Coface.

Risks linked to supplies

Copper, aluminum and plastic are the main raw materials used by Nexans. Therefore price variations and the availability of products have a direct effect on the Group's business. Nexans has always been able far to obtain adequate supplies at reasonable prices. A global copper shortage or interruptions to supplies which could adversely affect Nexans' own copper supply cannot be excluded, although Nexans does not believe this is likely to occur. Consolidation amongst PVC suppliers could also affect supplies in the Energy division. The inability to source raw materials at reasonable prices could therefore adversely affect Nexans' business and income.

It is Nexans' policy always to have at least two suppliers for any raw material or component used in manufacturing. There are very few cases of sole supply.

Risks relating to the competitive environment of Nexans

The cable industry remains relatively fragmented both regionally and internationally, and the cable, wire and cabling system markets are highly competitive. The number and size of Nexans' competitors vary depending on the markets, the geographical area and the product line. Consequently, the Group faces several competitors for each product line. Furthermore, for certain product lines and in certain regional markets, Nexans' main competitors may have a stronger position or have access to greater know-how or resources than Nexans.

As a certain number of products (cables, wires or accessories) must comply with industry specifications and are interchangeable with the products of its main competitors, both nationally and internationally, Nexans faces stiff competition on most markets in terms of delivery time, service, and increasingly stringent specifications for its products.

As a result, the principal competitive factors in the cable industry for almost all of Nexans' product lines are the quality of customer relations, product availability, geographical coverage

and the range of products offered, the specific characteristics of each product, as well as the ability to regularly generate cost reductions (competitive prices).

Against this background, Nexans must constantly invest and improve its performance in order to retain any competitive advantages it has on certain markets. Furthermore, Nexans

continues its efforts in R&D, logistics and marketing in order to differentiate itself from the competition.

In view of the context, Nexans has also put in place an important 130 million euros restructuring plan for 2002 and 2003. Details of implementation of this plan and of its impact on income and cash flow are described in the table below.

<i>in millions of euros</i>	Recorded		Committed		Total spent as of December 31, 2002		Remainder	
	Cost	Cash	Cost	Cash	Cost	Cash	Cost	Cash
Energy	20	12	16	7	36	19	5	5
Telecom	43	33	5	3	48	36	3	2
Electrical Wires	24	11	-	-	24	11	10	4
Others	3	2	-	-	3	2	1	1
Total	90	58	21	10	111	68	19	12

Over 1,200 employees will be affected by these restructuring programs in 2002 and 2003.

RISK RELATING TO INTEREST-RATES, EXCHANGE-RATES AND METAL PRICE FLUCTUATIONS

Management of interest rate risk

Nexans actively manages the interest-rate risk. Debts falling due within one year account for more than 96% of the Group's total debt and most of this debt is at variable interest rates and based on the key monetary indices (EONIA, EURIBOR and LIBOR). On December 31, 2002, Nexans did not have any interest-rate hedging instruments.

<i>At March 31, 2003 in millions of euros</i>	Day to day to 1 year	1 to 5 years	Beyond
Financial liabilities	381	9	0
Financial assets	178	0	0
Net position before hedging	212	0	0
Hedging	0	0	0
Net position after hedging	212	9	0

The pricing of all the short-term debt of the Group is based on monetary short term indexes (EURIBOR or LIBOR).

The interest on medium and long term debt is fixed.

As of March 31, 2003, the net debt position of Nexans SA that

was to be renewed within a year amounted to 341 million euros. As of March 31, 2003, the days remaining until the end of the fiscal year of the Company amounted to 300. If interest were to vary by 1% and the debt level remain the same until the end of the year, the difference in interest relating to the said debt would amount to 2,841,666 euros.

Exchange rate risk

Nexans hedges the exchange rate risk on its anticipated contractual business and on certain budgeted items. The resulting foreign exchange operations can lead to open positions. Where this is the case, these positions are limited in terms of the amounts and periods involved. At the end of the financial year, Nexans had no significant unhedged exchange rate positions. The exchange rate risk is calculated at the level of the Group's operational subsidiaries. The treasurers of these subsidiaries hedge risks via forward currency transactions with the centralized cash management unit if they are part of the cash pooling system or via local banks for other subsidiaries. Central treasury issues a monthly report relating to all subsidiaries with foreign exchange risks, indicating their open net position in each currency.

The management of the Group receives monthly reports on the Group's position from the central treasury, which collates the information received from the subsidiaries.

Foreign exchange risk on Nexans Central Treasury

<i>in thousands of euros</i>	USD	NOK	Other
Assets	57,910	42,192	732
Liabilities	158,662		28,327
Net position before hedging	-100,752	42,192	-27,595
Hedges	100,752	-42,192	27,595
Net position after hedging	0	0	0

The foreign exchange risk arising from firm commercial flows (purchases and sales) and financial flows are systematically hedged. The identification and the analysis of the risk is undertaken at the level of the subsidiaries of the Group and controlled by Central Treasury through a monthly reporting of all subsidiaries which incur this type of risk. The above chart shows that all the risks identified by subsidiaries are hedged through forward foreign exchange contracts thereby eliminating the foreign exchange risk on firm flows.

Risks relating to metal prices fluctuations and raw material availability

Although copper and aluminum prices are very volatile, Nexans considers that its gross operating margin is not significantly exposed to these prices, due to the dual effect of passing on variations in non-ferrous metal prices to customers and the hedging of metal prices measures on the LME (London Metal Exchange). Nexans' margins are exposed to variations in the price of copper in some product lines, such as copper cables for private networks (LAN), and certain special cables ; however, these products have a lower copper content. Overall, Nexans considers that the risk relating to metal prices does not have a significant impact on its margins. However, the Group cannot give any assurance that this will be the case in the future.

Fluctuations in the price of copper and aluminum nevertheless have a significant impact in terms of financing requirements, as an increase in the price of copper leads to an increase in working capital requirements. Prices have undergone substantial variations over the past five years, and these changes have had a significant impact on the Group's net debt level and financial expenses.

Finally, despite its stringent selection criteria for choosing the partners it works with on the LME, and the prudential rules to which partners are subject, Nexans may be exposed to counterparty risk in the context of hedging contracts concluded on the LME.

Nexans' policy for managing these risks and access to funding

Access to funding and the management of risks relating to exchange and interest rates are managed directly by the Group's financial department for all subsidiaries in countries where this is allowed by the local legislation, which is the majority. A centralized cash management system which pools subsidiaries' cash maximizes cash use as subsidiaries' credit balances in the main currencies are transferred to the parent Company's central cash pooling account.

The main subsidiaries which do not have access to the centralized cash management system are located in Turkey, Morocco, China, Korea and Brazil. These subsidiaries have their own banking relations which are supervised by Nexans and apply the Group's risk management policies relating to exchange rates, interest rates and the purchase of raw materials.

The Financing Department, which is a division of the Financial and Administrative Department, manages access to funds, as well as exchange rate and interest rate risk. The Group's policy for managing non-ferrous metals is determined by a specialised division which reports to the Chief Financial Officer. This policy is applied by those subsidiaries that purchase raw materials.

In 2002, access to funds was mainly guaranteed by the issue of commercial paper on the French market. A 500 million euros program was implemented during the financial year 2001 and given an A2 rating by Standard and Poors.

In support of this program, Nexans had confirmed short-term and long-term credit lines from 10 banks in an amount of 510 million euros. In January 2003, these lines were partially refinanced via the syndication of 475 million euros in two tranches: one short-term tranche for 190 million euros and one five-year tranche for 285 million euros. Consequently, the Group has access to 575 million euros in funding via these confirmed credit lines.

Both its bilateral, short-term and medium-term credit contracts and the syndicated credit lines are subject to several covenants (negative pledge, pari passu, and cross default), and to financial covenants (consolidated net debt/EBITDA < 2.5 and consolidated net debt/total shareholders' equity (plus minority interests) < 0.7). As of December, 31, as well as at the date of drafting of this report, there ratios are complied with.

If these covenants were not complied with, the undrawn lines would become unavailable and any loan authorizations given

would be revoked, either immediately or after 30 days depending on the nature of the covenant.

Outstanding debt on commercial paper was 154 million euros at December 31, 2002.

The remainder of gross balance, in an amount of 65 million euros, is accounted for mainly by the short-term debt of subsidiaries which are not part of the centralized cash management system, and medium-term debt of subsidiaries in an amount of 9 million euros.

On February 4, 2003, Standard and Poors downgraded the rating for Nexans' short-term and long-term issues from BBB/A2 to BBB-/A3 outlook stable. At the same level of indebtedness, the downgrading of its note will increase the Group's financial expenses. The commitment fees and the margin applicable to the 475 million euros syndicated loan vary depending on the Group's long-term rating. The lower rating will increase commitment fees by around 7 base points and average margins by some 15 base points. The change in the short-term rating has reduced but not eliminated Nexans' ability to issue commercial paper.

Analysis of sensitivity for 2003

Impact of an increase of 50 base points in interest rates on the Group's financial expenses for the year: Hypothetical rate of refinancing (3 month variable):

EUR: 3.50%

USD: 2.20%

Hypothetical average debt: 250 million euros

Impact of a difference of 50 basis points on the Group's financial expenses: 1,250,000 euros

Impact of an increase of USD 100 in the price of copper on the Group's financial expenses on an annual basis:

Nexans' hedging policy limits the impact of outstanding customer accounts receivable.

Hypotheses:

Copper content of customers accounts receivable on the Group's balance sheet: 150,000 metric tons

Cost of financing in euros: 3.5% per year

Impact on financial expenses: 525,000 euros

At March 28, 2003, in millions of euros

Characteristics of the securities issued or of the loans taken out	Amount drawn as of March 28, 2003	Fixed or variable rate	Amount of limits available	Maturity of facilities	Interest hedging
Bank overdrafts	22	Variable rate	90	Day to day	No
Commercial paper	66	Variable rate	500	1 month to 1 year	No
Short term borrowings	23	Variable rate	23	1 month to 1 year	No
Confirmed limits	220	Variable rate	220	1 year	No
Confirmed limits	50	Variable rate	355	5 years	No
Medium term loans	9	Fixed rate	9	3 to 5 years	No

Risks linked to environmental regulations*

Nexans is subject to numerous laws and regulations governing the environment in each of the countries where it operates, in particular in the European Union, the United States and Canada. These laws and regulations impose increasingly strict standards on the protection of the environment, in particular in relation to atmospheric pollution; disposal of wastewater; the emission, use and processing of toxic materials or waste; methods of waste disposal; as well as site clean-up and treatment. These standards expose Nexans to the possibility of claims being made against it, and to significant costs (e.g., claims made on current or past activities or linked to disposed assets).

When Nexans was created, Alcatel appointed an independent consultant to conduct a study of the environmental status of all Nexans sites in France. Nexans is cleaning-up certain sites currently operated by Nexans as well as certain sites formerly operated by Nexans or which have been sold. Nexans considers that both its facilities and activities conducted at these sites respect environmental laws and regulations, save for any unexpected elements in respect of which Nexans is unable to foresee whether they will have a serious adverse affect on its financial position or operations.

* See pages 18 and 19 of the Annual report.

In France, the Environmental Department has published a national directory of potentially polluted sites and launched a program to examine and clean-up these sites. Five Nexans sites are either under review or being cleaned up as part of this program. Furthermore, Nexans has taken measures that it deems to be adequate to clean up cadmium originating from its Marseille site.

In the United States, Nexans is subject to several federal and state environmental laws, which make certain categories of persons as defined by law liable for the full amount of clean-up costs relating to environmental pollution, notwithstanding that no fault may have been committed or that the relevant operations comply with applicable regulations. Nexans has often been cited, together with others, as potentially being liable for pollution pursuant to the 1980 Comprehensive Environmental Response, Compensation and Liability Act. Nexans has been joined to these proceedings although the pollution referred to is associated with waste dumps and did not arise on its manufacturing or production sites.

The potential liability of Nexans in relation to these proceedings has not adversely affected its financial position or income in the past. However, it cannot be guaranteed that there will be no negative effects in the future.

Nexans faces several claims related to environmental issues in the normal course of business. Based on the amounts claimed, the status of proceedings and its evaluation of the risks involved, Nexans considers that the risk that these claims will significantly affect its financial position or income is small. The main claim relates to a dispute in Duisburg, Germany, brought by the purchasers of a site and a city council relating to soil and ground water contamination. The soil contamination is long-standing and Nexans' full liability has not been established. Nevertheless, Nexans has recorded provisions to cover any responsibility it may have for pollution costs. Other claims have been brought by authorities following one-off incidents. For example, Nexans is involved in a soil contamination clean-up operation authorized by the local authorities in Sweden, following an oil leak. Clean-up costs are estimated at 0.2 million euros.

Nexans applies the following rules when recognizing environmental charges and commitments. A charge against income is recognized if the information and documents available indicate that such a charge is probable, significant and quantifiable. If the foregoing conditions are not satisfied but a

charge against income capable of having a significant financial impact remains possible, this possibility will be recorded as a note in the financial statements. If a charge seems highly unlikely, no provisions will be made and no reference thereto will be made. Nexans estimates clean-up costs relating to environment claims on a case-by-case basis and as accurately as possible, based on the available information. At December 31, 2002, the total amount of provisions recorded for environmental risks was 6,551,000 euros. These provisions correspond either to the above-mentioned claims or to current or planned clean-up operations of soil after the use of products such as solvents or oil.

Nexans cannot guarantee that future events, in particular changes in legislation, the passing of new laws or the development or discovery of new facts or conditions, will not lead to extra costs capable of having an adverse effect on its business, financial position and income.

INSURANCE AGAINST RISKS

Nexans was insured until the end of 2002 by the Alcatel Group insurance program. Nexans has just renegotiated all of its industrial insurance programs. The main kinds of global coverage effective as of January 1st, 2003 are the following:

- direct damages and operating losses,
- general civil operating liability and product liability,
- transportation,
- contractor's all risks insurance for land-based projects,
- aeronautic and space civil liability,
- short-term credit risk: to guarantee certain international and domestic customers accounts receivable,
- civil liability of Directors.

The limits on these policies are based on a historical analysis of the Company and on the advice of its brokers, and generally exceed the maximum amount of insured claims experienced by the Group in the past.

The Nexans Group relies on the expertise of a global network of insurance brokers to assist it in the control and management of the risks to which it is exposed in all countries where it operates.

In addition, its principal industrial sites are visited annually by an independent specialist organization which makes recommendations on prevention and safety.

APPLICABLE LAW AND REGULATION

To the knowledge of the Company, there are no laws or regulations specific to the cable industry as compared to the industry in general. The different sites are of course required to comply with any national laws and regulations in force, relating in particular to air, water and soil emissions, which vary according to the country where the sites are located.

DISPUTES

Many claims are made against Nexans, mainly contractual in nature in the ordinary course of its business, but also for product liability. Given the Group's policy for making provisions, availability of insurance cover, the probability of judgment being entered against Nexans and the amount of the claims, Nexans does not consider that the present or future risks associated with these claims or proceedings will have a significant impact on its financial position or income.

In Norway, the Norwegian Competition Authority referred a file to the criminal jurisdiction investigators apparently involving several companies, including Nexans Distribusjon A/S, a subsidiary of Nexans Norway, relating to alleged illegal price fixing. The Competition Authority stated its desire to see heavy fines imposed on the companies involved. In the event that criminal charges are brought, Nexans intends to contest vigorously all claims brought against it. At this stage of the investigation and in view of the limited information available relating to the claims against Nexans Norway, no provisions have been made.

Nexans has supplied cables for four corvettes for the South African navy. Part of the supplies were sub-contracted to a South African manufacturer.

After installation of the cables on the first two corvettes, it was found that the cables supplied by the sub-contractor were non-compliant. All the cables already installed have to be removed and re-installed. Nexans will supply the replacement cables and has made a provision therefor, but the allocation of removal and re-installation costs amongst Nexans, its client, the insurers and the sub-contractor has not yet been determined.

Besides, legal action was started by a factory owner against Nexans and other cable manufacturers in the

Canadian courts, claiming damages following a fire. The factory owner dropped the legal action against Nexans Canada during the first half of 2001. However, Nexans Canada was subsequently sued by a cable reseller, who had himself been sued by the factory owner, to claim a contribution from Nexans in the event the claim against the reseller succeeded.

Although it is not possible, as of today, to determine the consequences of these claims, Nexans does not consider that the outcome of these claims will have a significant effect on its consolidated financial position.

NEXANS POSITION ON ASBESTOS

The manufacture of Nexans products does not involve any contact with asbestos.

In the past, asbestos was used in limited circumstances and in specific cases in activities which have since been halted. In the 1970s, the specifications used by the French army required asbestos to be used to improve the insulation of certain kinds of cables to be used for military purposes.

Asbestos was therefore used in a limited manner in a factory taken over by the Group. Ovens for the production of winding wires involving the use of asbestos were manufactured on two sites, but this activity was stopped several decades ago. However, certain of these ovens are still in use in some factories. The risk of being exposed to asbestos currently only arises in connection with the maintenance of these ovens, which is undertaken in accordance with applicable regulations.

Today, to the knowledge of the Group, only one first instance judgment has been awarded against a French subsidiary of the Group, in accordance with current case law. This judgment relates to an activity which has halted more than 20 years before Nexans became the successor of the structure as part of the spin off by Alcatel of its Cables division in 2001. Furthermore, there is currently only one claim ongoing relating to indirect exposure to Asbestos not linked to manufacturing. This claim relates to an electrician involved in site maintenance. Still in France, there are 18 people on professional sick leave with an invalidity coefficient equal to or less than 10% and 250 employees under medical surveillance. Outside of France, there are 100 people in Italy who have not been in direct contact with asbestos who have requested early retire-

ment and a declaration has been made to the Norwegian health insurance in respect of 78 people. No other case has been brought to the attention of the management of the Nexans Group as of today.

In view of the information available and the risk analysis that has been made, Nexans has made a provision in its 31 December 2002 accounts, in accordance with applicable accounting procedures, relating mainly to the removal of asbestos in the ovens.

Nevertheless, the management does not consider that this risk could have a significant impact on its financial position or income.

MAIN INVESTMENTS

The efforts made in 2002 to reduce capital spending resulted in a substantial decrease in the Group's capital investments which amounted to 96 million euros, representing a reduction of 107 million compared to the previous financial year.

These expenses were concentrated on the Energy division (52 million euros – for maintenance and improvement of the logistics system), the Telecom division (13 million euros – maintenance and extension of OPGW) and the Electrical Wires division (16 million euros maintenance).

After two years of high capital investments in 2000 and 2001, the Group's objective for the next two financial years is to keep capital investment significantly below its depreciation of assets (148 million euros in 2002).

RELATIONS WITH ALCATEL

Prior to Nexans being listed on the stock exchange in June 2001, Nexans and its subsidiaries formed part of the Alcatel group.

In preparation for the stock market listing, various agreements were entered into by Alcatel and Nexans to cover a transitional period until the Nexans group became fully independent.

Out of the agreements previously described in the Offering Circular, the following are still in force:

- Alcatel continues to supply Nexans with optical fiber cables pursuant to a frame agreement. Nexans no longer has any firm purchase commitments under this agreement but simply

places orders to purchase optical fiber for the quantities it requires and at prices which are aligned on market prices,

- in Brazil, Nexans is the owner of certain industrial equipment dedicated to copper public network cables, and delegated the manufacture and marketing of these cables to Alcatel Brazil, under its supervision. Nexans has gradually taken over the industrial activity formerly managed by Alcatel but still shares resources and expenses common to both companies. This agreement came into force on December 1st, 2000, for an initial 2-year period and is renewable by tacit agreement yearly until 2005, except if terminated by Nexans in the event that it decides to transfer its business to another site,
- in Switzerland, Nexans undertook to make available exclusively to Alcatel the entire fiber capacity of Nexans Suisse S.A. for a set price. This contract was terminated in 2002 and Alcatel assumed the costs related to the end of fiber production,
- in Germany, Nexans leases Alcatel equipment used in the armoring of overhead OPGW cables.

Nexans considers that the business covered by these industrial and commercial agreements is not significant compared to the income from Nexans' operations.

- Intellectual property rights: following the creation of the Nexans Group, Alcatel granted Nexans a non-exclusive and royalty-free license, with a right to sub-license, pursuant to an agreement dated December 1st, 2000, to use Alcatel patents related to the business activity of Alcatel, but which are also necessary for the operation of the business of Nexans (generally, patents remain valid for a period of 20 years from the date of filing). Alcatel also granted to Nexans, pursuant to the same agreement, a non-exclusive and royalty-free license, with no right to grant sub-licenses, to use Alcatel patents relating to single mode optical fiber cables exclusively for products and manufacturing processes already used by Nexans prior to January 1st, 2001. Use is also limited to certain designated sites falling within the scope of Nexans' business but also related to the business of Alcatel (including, inter alia, the single mode optical fiber cable activities). Nexans has granted similar rights to Alcatel under Nexans patents. Neither party gives any warranties on the validity or scope of the rights it grants, nor is either party required to defend its patents in the event of any third party infringement. This agreement remains in force for the life of the rights covered by this agreement.

- In the process of the creation of the Nexans Group, Nexans and some of its subsidiaries in Germany, Spain and Canada spun off and sold to Alcatel some of their business and assets relating to the business of Alcatel. On the other hand, in France and the United States, Alcatel and certain of its subsidiaries spun off certain of their business and assets relating to the business of Nexans and sold them to Nexans. Alcatel and Nexans agreed to indemnify each other for a minimum period of 3 years against any liabilities arising in any subsidiary of the other party in relation to an activity that is no longer part of its business.
- The sale by Alcatel to Nexans of its 10% stake in the company ODD in Japan, which was not transferred prior to Nexans' listing on the stock exchange but which was provided for by an agreement signed at the time of the listing, has now been completed. Nexans then exchanged this stake for stakes of its subsidiaries in the United States and Portugal.
- An agreement also existed relating to the participation of

Nexans in the insurance programs of Alcatel, as previously described in the chapter "Insurance against Risks". Nexans terminated this contract at the end of 2002 and implemented its own insurance program, as described above.

The undertaking to retain securities given by Alcatel and Nexans (in relation to the issuance of securities) to banks involved in the listing of Nexans on the stock market, has now expired. Following the buyback by Nexans from Alcatel of 1,500,000 of its own shares on October 30, 2002, Alcatel has declared that it holds 3,476,388 Nexans shares.

To the best of the Company's knowledge, no sale has taken place since this date. Alcatel's 15.04% stake in Nexans' share capital does not give Alcatel any control over Nexans, in the absence of any specific agreement and in view of the limitation on voting rights at shareholders' meetings contained in the bylaws of Nexans. The buyback by Nexans of its shares is subject to an undertaking to retain the shares as described at page 100.

Shareholders' rights and obligations

SHAREHOLDERS' MEETINGS

Ordinary or Extraordinary Shareholders' Meetings are convened and shall deliberate in accordance with the conditions laid down by law. When the required quorum is present, the Shareholders' Meeting represents all the shareholders. Its decisions are binding on everyone, including absent or dissenting shareholders.

All shareholders may participate in meetings either personally, via a representative or by letter subject to providing proof of identity and of ownership of his/her shares either by registration of the shares or by filing an immobilisation certificate for bearer shares at the location stated in the convocation five days before the date of the meeting. This 5-day period may be reduced by decision of the Board of Directors. All shareholders may also, if the Board of Directors so decides when the meeting is convened, vote at the General Meeting using any remote transmission methods (Internet) in accordance with the conditions and methods provided for by law.

FORM AND REGISTRATION OF SHARES, IDENTIFICATION OF SHAREHOLDERS AND STATUTORY THRESHOLDS

Shares are registered until they are fully paid up. Fully paid up shares may be registered or bearer at the option of the shareholder, subject to the provisions of paragraph 2) below. In addition to the legal obligation of a shareholder to inform the Company when its holdings exceed certain fractions of the Company's share capital, shareholders are subject to the following requirements:

1) a shareholder owning a number of shares in the Company equal to or greater than 2% of the share capital or voting rights must notify the Company of the total number of shares held, within a period of fifteen days from the time the threshold is crossed, by registered letter with return receipt. A further notification must be sent, in accordance with the conditions hereof, each time that a multiple of 2% is reached.

2) a shareholder owning a number of shares in the Company equal to or greater than 2% of the share capital or voting rights,

must request the registration of its shares no later than five trading days after the threshold has been crossed. The obligation to register applies to all shares already held as well as the shares held which exceed this threshold. A copy of the request sent by letter or fax to the Company within fifteen days from the time the threshold has been crossed, shall be deemed to be notification of the crossing of the statutory threshold. This request must be sent, in accordance with the conditions hereof, each time a 2% threshold is crossed up to 50%.

To determine the thresholds fixed in paragraphs 1) and 2) above, any shares held indirectly and any shares considered as being shares held pursuant to articles L.233-7 and following of the New Commercial Code, shall be taken into account.

In each notification or report filed as referred to above, the person making the notification or sending the report must certify that all shares held or indirectly considered as being held according to the previous paragraph, have been included, as well as the acquisition date.

In the event of non-compliance with paragraphs 1) and 2) above, subject to applicable law, the shareholder shall lose the voting rights corresponding to any shares which exceed the thresholds and which should have been declared.

Any shareholder whose holding in the share capital falls below one of the thresholds provided for in paragraphs 1) and 2) above, must also notify the Company within a fifteen-day time period and in the same manner as described above.

The existence of ownership of shares will be represented by a book entry in the share accounts maintained by Nexans or by an authorised intermediary, in the name of the shareholder.

Transfer of shares registered in an account will be made by transfer from account to account. All account entries, payments and transfers shall be made in accordance with applicable law. If required by the laws and regulations in force, the Company may require that the signatures on the declarations, transaction or payment orders be certified in accordance with the law and regulations in force.

The Company may, subject to compliance with legal and statutory provisions in force, require that information relating to its shareholders or to holders of securities which convey immediate or future voting rights, be communicated to it by any financial intermediary, including their identity, the number of shares they

hold and an indication, where appropriate, of any restrictions on the shares or securities held. The provisions of the bylaws relating to shareholders' obligations in the event they cross the thresholds were adopted by the Combined Shareholders' Meeting of October 17, 2002, and are effective since June 15, 2001.

VOTING RIGHTS

Subject to applicable law and these bylaws, every member of the Meeting shall have a number of votes equal to the number of shares that he possesses or represents.

However, a double voting right is attributed to all registered, fully paid up shares which have been registered in the name of the same holder for at least three years. This provision of the bylaws was approved by the Combined General Shareholders' Meeting of October 17, 2000. It will become applicable at the earliest on October 17, 2003, if any shareholders have held their shares for at least three years by this date. At December 31, 2002, there is no share benefiting from a double voting right.

The double voting right shall automatically cease in respect of all shares which are converted to bearer or which are transferred. However, the period stated above will not be interrupted and the right will not be lost in the event of transfers from one registered shareholder to another registered shareholder by inheritance, whether on intestacy or by will, the sharing of an estate between spouses or a donation inter vivos to a spouse or relatives eligible to inherit.

Regardless of the number of shares which it possesses directly and/or indirectly, a shareholder's voting rights with respect to the votes attached to the shares it owns or in respect of which it has a power of representation, is limited to 8% of the votes cast and taken into account with respect to each vote on resolutions at a General Shareholders' Meeting. If a shareholder also possesses double votes either on its own behalf or as a representative, the stated limit may be exceeded taking into account only the additional voting rights up to the limit of 16% of the votes cast and taken into account with respect to each vote on resolutions at a General Shareholders' Meeting. Shares which are held indirectly and those which are assimilated as being shares held pursuant to articles L.233-7 and subsequent articles of the New Commercial Code shall be taken into account when determining this limitation. The limitation determined in the above paragraph shall become automatically null and void as soon as an individual

or a legal entity holds at least 66.66% of the total number of shares in the Company, whether individually or together with one or more individuals or legal entities, as a result of a takeover bid by way of purchase or exchange of shares for all the Company's shares. The Board of Directors shall recognize the invalidation of the limitation when the results of the takeover procedure are published.

The foregoing restriction does not affect the Chairman of the Shareholders' Meeting when voting pursuant to proxies received in accordance with the legal obligations contained in article L.225-106 of the New Commercial Code.

The voting right is exercised by the holder of the beneficial right in shares at all ordinary, extraordinary or special General Shareholders' Meetings.

APPROPRIATION OF INCOME

The difference between revenue and expenses for the financial year, after provisions, constitutes the profit or loss for the financial year as recorded in the profit and loss account. Five percent of the profit, reduced as the case may be by previous losses, shall be paid to a legal reserve. This payment can be stopped once the legal reserve reaches one tenth of the share capital. It shall be resumed if, for any reason whatsoever, the reserve falls below this fraction.

The appropriation of the distributable profit, which consists of the profit for the financial year reduced by previous losses and the payment referred to above and increased by any profits carried forward, shall be decided upon by the General Shareholders' Meeting who on the recommendation of the Board of Directors, may retain it in whole or in part, allocate it to general or special reserve funds or distribute it to the shareholders as a dividend.

In addition, the General Shareholders' Meeting may decide to distribute amounts taken from the discretionary reserves either to create or supplement a dividend or as an extraordinary distribution. In this case, the decision shall indicate specifically the reserves from which the payments are made. However, dividends will be paid in priority from the distributable profit for the financial year.

The Ordinary General Shareholders' Meeting may grant each shareholder the option of choosing between the payment of the dividend or the provision of interim dividends in cash or in shares for all or a proportion of the dividend distributed.

The General Meeting or the Board of Directors, in the case of interim dividends, shall determine the date on which the dividend is to be paid.

General information on the parent Company and its share capital

COMPANY PROFILE

Name and registered office:
Nexans,
16, rue de Monceau - 75008 Paris - France.

LEGAL FORM AND GOVERNING LAWS

A French corporation subject to all the laws governing business corporations in France, specifically the provisions of the commercial code and decree No. 67-236 of March 23, 1967.

TRADE REGISTER NUMBER

The company is listed in the Paris Trade Register under number 393 525 852. Its APE code is 741J.

CORPORATE DOCUMENTS

Documents and information on the Company may be reviewed at the Company's registered office located at 16, rue de Monceau, 75008 Paris.

INCORPORATION AND EXPIRATION DATES

The Company was incorporated on January 5, 1994 under the name of Atalec, for a period of 99 years which will expire on January 7, 2093.

CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE BYLAWS)

The Company's objects in all countries are: design, manufacture, operation and sale of any and all equipment, machines and software for domestic, industrial, civilian, military or other applications in the field of energy, telecommunications, information technology, electronics, the space industry, nuclear power, metallurgy and in general any and all means of production or means of power transmission or communications (cables, batteries and other components), as well as all activities relating to operations and services which are incidental to the above objects. The acquisition of shareholdings in other companies of any form, in associations, in groups in France or abroad, regardless of their object and activity. And in general any and all industrial, commercial, financial, movable or immovable operations related, either directly or indirectly, in whole or in part, to any objects of the Company indicated in the bylaws or to any similar or related purposes.

FINANCIAL YEAR

The financial year begins on January 1st and ends on December 31.

Appropriation of capital and voting rights

CAPITAL STOCK AND VOTING RIGHTS

On December 31, 2002, capital stock totaled 23,121,472 euros, representing 23,121,472 shares with a nominal value of 1 euro each. No shares are reserved for founders or beneficiaries.

NUMBER OF VOTING RIGHTS

Following the Company's share buyback program, Nexans

held a total 1,916,510 of its own shares on December 31, 2002. The total number of voting rights as published by Nexans in the November 11, 2002, issue of the *Bulletin des Annonces Légales Obligatoires* was 21,204,962, as treasury stock does not carry voting rights.

In accordance with the bylaws, a shareholder with simple voting rights cannot express more than 8% of votes attached to the shares presented or represented when voting any resolution at General Shareholders' Meetings, whether voting as an individual or when acting by proxy.

CHANGES IN NEXANS' SHARE CAPITAL SINCE INCORPORATION

Date of General Shareholders' Meeting	Operation	Number of shares issued/cancelled	Nominal value of shares	Nominal amount of capital increase/reduction	Total amount of capital stock	Total number of shares
January 5, 1994	Incorporation	2,500	FF 100	FF 250,000	FF 250,000	2,500
October 17, 2000	Capital stock increase	–	FF 105	FF 12,500	FF 262,500	2,500
October 17, 2000	Conversion of capital into euros	–	€ 16	–	€ 40,000	2,500
October 17, 2000	Division of nominal share value	–	€ 1	–	€ 40,000	40,000
October 17, 2000	Capital stock increase*	24,960,000	€ 1	€ 24,960,000	€ 25,000,000	25,000,000
February 12, 2002	Capital reduction	1,990,031	€ 1	€ 1,990,031	€ 23,009,969	23,009,969
April 17, 2002	Increase in the amount of capital reserved for employees	111,503	€ 1	€ 111,503	€ 23,121,472	23,121,472

* With paid-in capital of 1,044,039,360 euros.

SHAREHOLDING STRUCTURE

The Company has not updated the T.P.I. (identifiable bearer shares) study completed at the beginning of 2002. Excluding Alcatel, the Company believes the shareholding structure is similar to that of 2002.

The main shareholders are:

- Alcatel 15%
- Private investors 11%
- Treasury stock 9.6%

- Institutional investors (France) 32%
- Institutional investors (US) 18%
- Institutional investors (UK) 10%
- Other Institutional investors 4.4%

Nexans estimates the total number of shareholders between 70,000 and 100,000.

Members of the Board of Directors hold 0.013% of its capital; employee shareholding (via an employee mutual fund or "FCPE") represents 0.74% of share capital.

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS (MARCH 15, 2003)

	Number of shares		Voting rights*	
Alcatel**	3,476,388	15.04%	3,476,388	16.65%
Brandes (investment fund)**	1,203,600	5.21%	1,203,600	5.75%
Tweedy Browne (investment fund)**	2,126,688	9.19%	2,126,688	10.18%
Other institutional investors***	11,593,597	50.15%	11,593,597	55.47%
Employees***	171,255	0.74%	171,255	0.81%
Other individual investors***	2,328,745	10.07%	2,328,745	11.14%
Treasury stock***	2,221,199	9.60%	2,221,199	0%
Total	23,121,472	100%	23,121,472	100%

* Shareholders' voting right cannot exceed 8% of votes cast at General Shareholders' Meetings.

** Figures established on the basis of declarations made to the CMF.

*** Estimated figures.

To the knowledge of the Company, there are no other shareholders holding over 5% of the share capital or voting rights and no registered shareholder has pledged its shares.

Nexans is not aware of the existence of any shareholders' agreement.

CHANGES IN THE SHAREHOLDING STRUCTURE OVER THE PAST THREE YEARS

Shareholding structure	As of June 12, 2001 (IPO)			As of May 1 st , 2002 (1 st annual report published)			As of March 15, 2003***		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Board member shareholders*	64	NS	NS	1,960	NS	NS	3,139	NS	NS
Total Board members*	64	NS	NS	1,960	NS	NS	3,139	NS	NS
Concerted actions	0	–	–	0	–	–	0	–	–
Partners' interests	0	–	–	0	–	–	0	–	–
Employee shareholders**	0	–	–	111,503	0.48	0.48	171,255	0.74	0.81
Treasury stock	0	–	–	0	–	–	2,221,199	9.60	0
Shares held by Group companies	0	–	–	0	–	–	0	–	–
Public	24,999,936	100	100	23,008,009	95	95	20,725,879	90	99.16
Resident shareholders	13,665,036	55	55	14,222,474	61.5	61.5	13,185,416	57	63.08
Non-resident shareholders	11,334,900	45	45	7,617,008	33	33	7,540,463	33	36.07
Unidentified	–	–	–	1,168,527	5	5	–	–	–

* "Board members" refers to members of the Board of Directors.

** Shares held by employees through an employee mutual fund; no other information is available to the Company.

*** Estimates, as TPI study has not been updated.

AUTHORIZED AND UNISSUED SHARE CAPITAL AUTHORIZED SHARE CAPITAL INCREASES

There are no non-voting shares or shares granting rights to the share capital, except for stock options that have been granted as described on pages 97.

Nexans has been granted the following authorizations by the General Shareholders' Meetings held on April 2, 2001 and June 25, 2002 and further registration will be proposed to the shareholders at the next General Shareholders' Meeting.

TABLE OF AUTHORIZED CAPITAL INCREASES

	Maximum nominal amount of authorized capital increase	Expiry date	Application
Authorization with preferential subscription rights <ul style="list-style-type: none"> Issue of shares, bonds and/or marketable securities giving immediate or long-term access to the Company's shares Incorporation of additional paid-in capital, reserves, profit and other⁽²⁾ 	25 million euros ⁽¹⁾	June 1 st , 2003 ⁽³⁾	None
Authorization without preferential subscription rights <ul style="list-style-type: none"> Issue of shares, bonds and/or marketable securities giving immediate or long-term access to the Company's shares, including in the event of a takeover bid by way of exchange launched by the Company or a securities issue by one of the companies in which Nexans directly or indirectly holds more than half of its capital 	25 million euros ⁽¹⁾	June 1 st , 2003 ⁽³⁾	None
Authorization with or without preferential subscription rights linked to market securities in particular, convertible bonds <ul style="list-style-type: none"> Security issue representing claims against the Company for a maximum of 500 million euros 	25 million euros ⁽¹⁾	June 5, 2003	None
Authorization for employees <ul style="list-style-type: none"> Options to subscribe or acquire shares 	900,000 euros	August 24, 2005	644,500 ⁽⁴⁾
Capital increase reserved for employees	750,000 euros	April 2 nd , 2006	111,503 shares issued on April 17, 2002

(1) Within the limit of an overall ceiling, all issues giving immediate or future access to the share capital, with or without preferential subscription rights, with nominal value of 25 million euros.

(2) For capitalization of reserves, the maximum nominal value of the capital increase is limited to the total amount that may be incorporated into the share capital.

(3) During the General Shareholders' Meeting to approve 2002 financial statements, a 26-months extension of this authorization will be proposed.

(4) The extension of this authorization, in the same conditions, except for the validity deadline fixed on April 2, 2006, will be proposed to the General Shareholders' Meeting to approve 2002 financial statements.

OPTIONS TO SUBSCRIBE SHARES

In accordance with the authorization granted by the Combined General Shareholders' Meeting held on April 2, 2001, the Board of Directors adopted a stock option plan on November 16, 2001, plan conferring the right to grant options to subscribe to new shares in the Company, to be issued by way of increase in its capital stock.

On December 31, 2002, 537,500 options to subscribe to Nexans shares, representing 2.32% of the share capital, reserved for employees, existed. Each option grants the right to subscribe to one Nexans' share.

In accordance with the authorization granted by the Combined General Shareholders' Meeting held on June 25, 2002, the Board of Directors adopted a new stock option plan on April 4, 2003, and granted 644,500 stock-options to Group's employees and Board members.

BREAKDOWN BY CATEGORY OF STOCK OPTIONS HOLDERS GRANTED DURING THE FINANCIAL YEAR

	Grant date	Number of stock option holders	Number of options granted ⁽¹⁾	Price	Expiry date
Board members	–	0	–	–	–
Group's employees	Jan. 18, 2002	2	5,000	€ 16.70	Jan. 17, 2010
10 biggest stock option holders	Mar. 13, 2002	2	8,000	€ 19.94	Mar. 12, 2010

(1) The right to exercise a quarter of the total number of stock options granted vests in the option holder at the end of each successive 12 months period from the grant date.

No stock options were exercised by the 10 largest employee, manager or director stock option holders during the 2002 financial year.

RECORD OF OPTIONS TO SUBSCRIBE SHARES GRANTED

Information on stock options / Date of General Shareholders' Meeting	Plan N°1 Combined General Shareholders' Meeting of April 2, 2001			Plan N°2 Combined General Shareholders' Meeting of June 25, 2002
	Date of Board of Directors or grant	November 16, 2001	January 18, 2002	March 13, 2002
Maximum number of shares allowed for subscription, including the number of shares that can be subscribed by:	531,500	5,000	8,000	644,500
- members of the Board of Directors with stock options (Gérard Hauser)	55,000			50,000
- ten largest employee, manager or director stock option holders	181,000	5,000	8,000	204,000
Starting date of exercise	November 16, 2002	January 18, 2003	March 13, 2003	April 4, 2004
Expiry date	November 15, 2009	January 17, 2010	March 12, 2010	April 3, 2011
Strike price	€ 17.45	€ 16.70	€ 19.94	€ 11.62
Conditions of exercise	Quarter of the total number of options, every year		Quarter of the total number of options, every year	
Number of shares subscribed at Dec. 31, 2002	0	0		-
Options cancelled during financial year	March 1 st , 2002 4,000	May 1 st , 2002 3,000		-
Number of options remaining	527,500	2,000	8,000	644,500

BUYBACK OF NEXANS SHARES

Subsequent to its initial share buyback program authorized by the Combined General Shareholders' Meeting of April 2, 2001, and decided by the Board of Directors on September 26, 2001, Nexans held 6,774 of its own shares on June 24, 2002, following the cancellation of 1,990,031 of its treasury stock and the corresponding reduction in share capital decided by the Board of Directors on February 12, 2002.

In accordance with the authorization granted by the Combined General Shareholders' Meeting on June 25, 2002, and the Notice registered with the *Commission des Opérations de Bourse* under Number 06-692, Nexans launched another share buyback program pursuant to Article L.225-209 of the *Code de commerce*, and decided by Board of Directors on June 25, 2002.

Nexans consequently acquired 1,909,736 shares at an average price of 12.88 euros per share for a total value of 24.6 million euros.

On December 31, 2002, the Company held a total of 1,916,510 of its own shares, including those acquired during the first share buyback program representing 8.29% of share capital.

On March 31, 2003, the Company held a total of 2,221,199 of its own shares, representing 9.60% of share capital.

During the General Shareholders' Meeting to approve 2002

financial statements, it will be proposed to authorize the Company to implement a share buyback program and to reduce its share capital through the cancellation of the shares purchased.

EMPLOYEE SHARE-OWNERSHIP

Employee profit-sharing and share-ownership

Certain group subsidiaries have put in place employee profit sharing plans. In France, Nexans has created an employee Share Savings Plan allowing employees to invest in Nexans' shares through a form of mutual fund.

Options may be granted to employees who, through their personal efforts, effectively contribute to the creation of value or increase the Company's income. Accordingly and pursuant to the authorization given by the Combined General Shareholders' Meeting of April 2, 2001, the Board of Directors' meeting held on November 16, 2001 granted 531,500 stock options to 85 employees. 13,000 additional stock options were granted in January and March of 2002.

A new authorization was given by the Combined General Shareholders' Meeting of June 25, 2002. The Board of Directors adopted a new stock option plan on April 4, 2003, and granted 644,500 stock-options to Group's employees and Board members.

Auditing of the accounts

STATUTORY AUDITORS OF NEXANS

Auditors

- Barbier Frinault et Autres/Arthur Andersen
41, rue Ybry 92200 Neuilly-sur-Seine
represented by Mr Alain Gouverneyre

Date of first appointment: Ordinary General Shareholders' Meeting of February 21, 2000.

Date of current appointment: Ordinary General Shareholders' Meeting of May 9, 2000.

Current term expires on the Shareholders' Meeting convened to consider the accounts for the financial year ended December 31, 2005.

- Ernst & Young Audit
4, rue Auber 75009 Paris

represented by Mr Jean-Claude Lomberget

Date of first appointment and current appointment: Combined General Shareholders' Meeting of October 17, 2000.

Current term expires on the Shareholders' Meeting convened to consider the accounts for the financial year ended December 31, 2005.

Deputy auditors

- Mr Pascal Macioce
41, rue Ybry 92200 Neuilly-sur-Seine

Date of first appointment: Ordinary General Shareholders' Meeting of February 21, 2000.

Date of current appointment: Ordinary General Shareholders' Meeting of May 9, 2000.

Current term expires on the Shareholders' Meeting convened to consider the accounts for the financial year ended December 31, 2005.

- Mr Jacques Rigo
4, rue Auber 75009 Paris

Date of first appointment and current appointment: Combined General Shareholders' Meeting of October 17, 2000.

Current term expires on the Shareholders' Meeting convened to consider the accounts for the financial year ended December 31, 2005.

FEES PAID BY NEXANS TO THE AUDITORS

		Barbier Frinault & Autres		Ernst & Young Audit	
		<i>in thousands of euros</i>	%	<i>in thousands of euros</i>	%
Auditing	Auditing of the accounts	440	27%	1,096	67%
	Secondary audit missions			104	6%
	Sub-total	440	27%	1,200	73%
Other missions	Legal, tax, social				
	Information systems				
	Internal audit				
	Others				
Sub-total		0	0%	0	0%
TOTAL		440	27%	1,200	73%

Related parties transactions

Nexans has not entered into any direct agreements with its directors and has not granted them any loans or guarantees.

Three agreements falling within the scope of Article 225-38 of the French *Code de commerce* were concluded or remained in force in 2002 between Nexans and companies with common directors or managers, or with companies having a shareholding in Nexans carrying more than 5% of voting rights.

These agreements are as follows:

The acquisition of a block of 1,500,000 shares from Alcatel, which holds more than 5% of voting rights in Nexans. Nexans has agreed not to sell these shares on the market for one year from the acquisition date. This agreement obtained the prior consent of the Board of Directors on October 30, 2002.

The "General Relations Agreement" concluded with all Nexans Group subsidiaries and authorized by the Board of Directors meeting held on March 14, 2001, in respect of the agreement entered into between Nexans and Nexans Deutschland GmbH, as Mr. Gérard Hauser is a director of both companies.

The General Relations Agreements put in place govern the sharing of R&D resources, the exchange of the results and know-how generated from research programs, as well as the provision of

administrative services by Nexans to its subsidiaries, particularly for centralized functions, such as cash central treasury, insurance, purchasing, communications and other specialist services.

Pursuant to the General Relations Agreements, each company pays a percentage of its sales, which varies according to the business sector, to Nexans, who in turn pays a contribution to the cost of R&D programs. In respect of administrative services, Nexans receives a fee based on a percentage of sales.

The "Underwriting Agreement", a placement and guarantee contract approved by the Board of Directors on June 12, 2001.

When Nexans was floated on the Paris Stock Exchange, Alcatel, Nexans, Goldman Sachs International, Société Générale and other members of the guarantee syndicate signed this agreement for the purposes of guaranteeing the placement of Nexans shares.

Pursuant to this agreement, Alcatel undertook to sell its shares in Nexans, and the bank syndicate agreed to place and guarantee the placement of Nexans shares in return for a fee paid by Alcatel and based on certain representations and warranties given by Alcatel and Nexans.

Statutory Auditor's special report

on certain related parties transactions, year ended december 31, 2002

(Free translation from the original French report)

In our capacity as Statutory Auditors of your Company, we hereby present you with our report on certain related parties transactions.

- Pursuant to Article L. 225-40 of French Company Law (Code de commerce), we have been advised of certain contractual agreements which were authorized by your Board of Directors.

Our assignment does not involve seeking out the possible existence of any other such agreements but consists in informing you, on the basis of the information provided to us, of the essential characteristics and terms and conditions of those agreements brought to our attention, without having to express an opinion on their usefulness or appropriateness. Pursuant to Article 92 of the Decree of March 23, 1967, it is your responsibility to assess the interest for the Company of concluding these agreements with a view to their approval.

We have carried out our work in accordance with auditing standards generally accepted in France ; these standards involve the implementation of the procedures required in order to verify that the information which was given to us is consistent with the source documents from which it was taken.

WITH THE COMPANY ALCATEL, S.A

Terms and object

On October 30, 2002, the Board of Directors of your Company authorized the purchase of 1,500,000 of its own shares to Alcatel, a company holding more than 5% of the share capital of Nexans.

Conditions

Nexans took advantage of this authorization the same day. The purchase was concluded at the price of 12.76 euros per share, for a total amount of 19,140,000 euros. By this agreement, your society is engaged to keep the concerned shares for a one year period, except specific agreed exemptions between the parts.

- Furthermore, pursuant to the Decree of March 23, 1967, we have been informed that the following agreements, approved during previous financial periods, continued to remain in force during the last financial period.

1. WITH THE COMPANY ALCATEL, S.A.

Terms and object

Your Board of Directors authorized the conclusion of an underwriting agreement with Alcatel.

Conditions

Under the term of this agreement, Alcatel undertook, within the context of an Initial Public Offer, to sell its shares in Nexans while the bank syndicate undertook to place and guarantee the placing of the Nexans shares on the basis of certain representations and guarantees given by Alcatel and Nexans, and in return for a fee paid by Alcatel. This “lock-up” clause was valid for a period of 270 days.

2. WITH NEXANS DEUTSCHLAND A.G.

Terms and object

The Board of Directors of your Company approved the conclusion of an agreement, called “General Relations Agreement”, with Nexans Deutschland. This agreement governs the sharing of research and development facilities, the sharing of the income issuing from research programs, and the administrative services rendered by Nexans to its subsidiaries.

Conditions

Under the terms of these agreements, Nexans Deutschland shall pay a percentage of its sales, varying according to the business sector involved, and Nexans shall contribute to the cost of the research and development programs.

For administrative services, Nexans shall be paid a percentage of the company’s sales.

Under this agreement, Nexans received a payment of 11,428,000 euros and paid 5,914,000 euros for fiscal year 2002.

February 20, 2003

The Statutory Auditors

Barbier Frinault & Autres
Alain Gouverneyre

Ernst & Young Audit
Jean-Claude Lomberget

Person responsible for the reference document

Paris, April 29, 2003

"To my knowledge, the information provided in this reference document is true ; and gives all elements necessary for investors to evaluate the assets, the business, the financial situation, the revenue and the outlook of the Company. No information has been omitted which is likely to affect the reliability of this reference document."



The Chairman of the Board,
Gérard Hauser

Auditors' report on the information presented in the "Reference document"

(Free translation of a French language original for convenience purpose only. Accounting principles and auditing standards and their application in practice vary among nations. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than France. In addition, the procedures and practices utilized by the Statutory Auditors in France with respect to such financial statements included in a prospectus may differ from those generally accepted and applied by Auditors in other countries. Accordingly, the French financial statements and the Auditors' report of which a translation for convenience purpose only is presented in this document are for use by those knowledgeable about French accounting procedures, auditing standards and their application in practice.)

As Statutory Auditors of Nexans and in accordance with rule 98-01 of the *Commission des Opérations de Bourse* and professional standards applicable in France, we have performed certain procedures on the information contained in this "Reference Document" relating to the historical financial statements of the Company.

The Company's Chairman and Chief Executive Officer is responsible for the preparation of the "Reference Document". Our responsibility is to report on the fairness of the information presented in the "Reference Document" relating to the financial situation and the financial statements.

We have conducted our work in accordance with professional standards applicable in France. Those standards require that we assess the fairness of the information presented relating to the financial situation and the financial statements and its consistency with the financial statements on which we have issued a report. Our procedures also include reading the other information contained in the "Reference Document" in order to identify material inconsistencies with the information relating to the financial situation and the financial statements and to report any apparent material misstatement of facts that we may have found in reading the other information based on our general knowledge of the Company obtained during the course of our engagement. With respect to the selected prospective data resulting from an organized process, our procedures consisted of a reading of management's assumptions and the resulting figures.

We have audited in accordance with professional standards applicable in France the individual financial statements for the fiscal years 2000 and 2001, approved by the Board of Directors. We expressed an unqualified opinion on such financial statements.

We have audited in accordance with professional standards applicable in France the individual financial statements for the fiscal year 2002, approved by the Board of Directors. We expressed an unqualified opinion on such financial statements.

In our report on individual financial statements for the fiscal year 2002, without calling into question our opinion, we have drawn the attention of the shareholders to the note 2 to the financial statements that discloses the change in accounting method corresponding to the first application, from January 1st, 2002, of the "règlement CRC n°2000-06" on liabilities.

We have examined in accordance with professional standards applicable in France the pro forma combined financial statements for the fiscal year 2000, approved by the Board of Directors. Based on this limited review, we concluded that the assumptions used in the pro forma combined financial statements of Nexans provided a reasonable basis for presenting the effects of Nexans' creation as if Nexans had been created as of January 1st, 1999. We also concluded that their translation to figures was appropriate and that the accounting methods used was in accordance with those used for the preparation of the historical combined financial statements. The pro forma combined financial statements were prepared on the basis of the historical combined financial statements. We have audited in accordance with professional standards applicable in France the historical combined financial statements for the fiscal year 2000.

Except for the fact that no notes were prepared for the historical combined financial statements for the two years in the period ended December 31, 2000, on the ground discussed under note 28, in our opinion, the historical combined financial statements give a true and fair view of the Group's financial position and of its assets and liabilities, and of the results of the operation of the companies included in the combination.

In our report on unaudited pro forma combined financial statements for the fiscal year 2000, without calling into question our opinion on the historical combined financial statements, we have drawn the attention of the shareholders to the following points:

- note 1k to the pro forma combined financial statements specifying the changes in the valuation method and the presentation of reserves for pensions and retirement benefit that were implemented in 1999,
- note 1 to the pro forma combined financial statements specifying the accounting changes resulting from the initial application of the new rules and methods relating to consolidated financial statements that were implemented in 1999.

We have audited in accordance with professional standards applicable in France the consolidated financial statements for the fiscal year 2001, approved by the Board of Directors. We expressed an unqualified opinion on such financial statements.

We have audited in accordance with professional standards applicable in France the consolidated financial statements for the fiscal year 2002, approved by the Board of Directors. We expressed an unqualified opinion on such financial statements.

In our report on consolidated financial statements for the fiscal year 2002, without calling into question our opinion, we have drawn the attention of the shareholders to the note 1.a to the financial statements that discloses the change in accounting method corresponding to the first application, from January 1st, 2002, of the "règlement CRC n°2000-06" on liabilities.

Based on the procedures performed, we have no matters to report regarding the fairness of the information relating to the financial situation and the financial statements presented in the "Reference Document".

Neuilly-sur-Seine and Paris, April 28, 2003

The Statutory Auditors

Barbier Frinault & Autres
Alain Gouverneyre

Ernst & Young Audit
Jean-Claude Lomberget