



Press release

Change in Credit Rating and Revised Outlook

Paris, June 23, 2006 - Standard & Poor's has changed Nexans credit rating from BBB-/ A- 3 to BB+ /B, due mainly to the rise in the copper price. Nexans however remains confident in its solid business and financial fundamentals in view of:

- the continual rise of its operating profit;
- the maintaining of its debt at reasonable levels in line with its last forecast, despite the impact of higher copper prices;
- strong generation of operational cash flow reinforced by the recent disposals and the now completed conversion of the OCEANE convertible bonds issued in July 2004.

Nexans takes this opportunity to revise its outlook at 30 June 2006 as indicated in its press release of 15 May 2006.

For the six months ending 30 June, 2006, sales are expected to show organic growth (at constant copper prices, exchange rates and consolidation scope) of 10% to 11%, compared with first half 2005.

Operating margin of 4.5% is expected as opposed to 3.6% at 30 June 2005.

Net financial debt is expected to amount to €540 million. The increase since 1 January, 2006, has mainly been due to a combination of:

- the substantial rise in copper prices (+55 % since 1 January 2006), which has impacted net debt by an estimated €260 million;
- seasonal variations and the sharp increase in volumes, representing approximately €220 million;
- the proceeds from the first-quarter disposal of the Swiss subsidiary Electro-Matériel, in an amount of €206 million;
- the second quarter conversion of OCEANE bonds, in an amount of €117 million.

The Group expects to report net income of roughly €200 million, compared with €16 million in the first half of 2005. The increase includes:

- the capital gain on the sale of Electro-Matériel in an amount of €148 million;
- restructuring costs limited to €25 million;
- the impact of the variation in the fair value of non-ferrous metal derivatives, pursuant to IAS 39, which are marked to market resulting in a positive (but temporary and reversible) effect in an amount of 40 million euros.

Nexans will announce full details of its first half earnings on 25 July, 2006.

The Group's South Korean subsidiaries are considering making an offer for the cancellation of the shares owned by minority shareholders, for a cost of roughly €43 million. This transaction, which would be accretive to 2006 net earnings, may be finalized in the third quarter. It would enable Nexans to significantly strengthen its position in the fast-growing global market for marine cables.

With respect to its full year outlook and given its first half performance, the Group expects its sales to grow significantly more than the 4% to 5% announced in February 2006. Net debt is expected to be approximately €350 million at year end (as compared to €374 million at 31 December, 2005).

The Group is currently reviewing its objectives for 2007 as part of the annual review of its three-year strategic plan. Given its performance in 2006 to date and assuming a comparable global business environment, its operational objectives will probably be revised upwards.

N.B. This semester outlook is based on the Group's performance as of 31 May, 2006 and on projections for June prepared by Group units, using the same accounting methods and assuming an average price of €5,500 per metric ton of copper for June 2006. The same price was used to forecast the Group's year-end debt.

Financial calendar

July 25, 2006: publication of first half 2006 sales and results

October 3, 2006*: information meeting for individual shareholders in Versailles

October 24, 2006*: information meeting for individual shareholders in Tours

November 13, 2006*: information meeting for individual shareholders in Lyon

December 7, 2006*: information meeting for individual shareholders in Montpellier

* *provisional dates*

About Nexans

Nexans is the worldwide leader in the cable industry. The Group brings an extensive range of advanced copper and optical fiber solutions to the infrastructure, industry and building markets. Nexans cables and cabling systems can be found in every area of people's lives, from telecommunications and energy networks to aeronautics, aerospace, automobile, railways, building, petrochemical, medical applications, etc. With an industrial presence in 29 countries and commercial activities throughout the world, Nexans employs 20,000 people and had sales in 2005 of 5.4 billion euros. Nexans is listed on the Paris stock exchange. More information available on <http://www.nexans.com/>

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