

NEXANS

A *société anonyme* with a share capital of 27,900,703 euros

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**MANAGEMENT REPORT PRESENTED BY THE
BOARD OF DIRECTORS
TO THE ANNUAL SHAREHOLDERS' MEETING**

(Fiscal year ending 31 December 2008)

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The purpose of this report is to present an overview of the operations and results of the Nexans Group and its parent company for the year ended 31 December 2008; it was based on the parent company's financial statements and consolidated financial statements at 31 December 2008.

In an attached report, prepared in compliance with the provisions of Article L. 225-37 of the Commercial Code, the Chairman reports in particular on the terms and conditions for the preparation and organization of the work of the Board of Directors and the internal audit and control procedures established and implemented within the Group, particularly in the area of financial and accounting information.

Nexans' shares are traded on the NYSE Euronext Paris market (Compartment A) and are included in the *CAC Next 20* index. The Company's estimated ownership structure, broken down by shareholder category, was as follows at of 30 September 2008: institutional investors in France (17.4%), United Kingdom and Ireland (17.2%), other European countries (11.8%), USA (23.2%), Latin America (9%), rest of the world (1.5%), individual shareholders and employees (11.7%), unidentified shareholders (8.2%).

1- Operations during the Last Fiscal Year

1.1 Nexans Group Consolidated Results

1.1.1 Overview

The 2008 net sales were determined to be 6.799 billion euros versus 7.412 billion euros in 2007, which represents an 8.3% decrease.

At constant non-ferrous metals prices, it was 4.776 billion euros, as compared with 4.822 billion euros in 2007.

The 2008 sales takes into account the consolidation of two recent acquisitions by the Group: Intercond, effective 1 August, and Madeco cable operations, effective 1 October 2008. These change in the scope of consolidation represented a contribution of 101 million euros in net sales at constant non-ferrous metals prices.

In 2007, the main change in the scope of consolidation concerned the sale of enameled wire operations in Canada (Simcoe plant), which was executed at the end of April, and the sale of enameled wire operations in China (Nexans' majority equity stake in the company Nexans Tianjin Magnet Wires and Cables), which was finalized at the end of July 2007. These operations represented a total sales value at constant non-ferrous metals prices of 26 million euros in 2007.

At constant non-ferrous metals prices and with the currency exchange rate and the scope of consolidation unchanged, net sales increased 1.5% in 2008.

This growth encompassed developments that varied by operation:

- cable operations (Energy and Telecom operations combined) posted a sales organic growth of 6.0%,
- electrical wires, for which the Group pursued in 2008 a transition toward refocusing on its own internal needs and requirements, showed a 36.8% contraction of sales year over year.

The operating margin was 427 million euros, which represented 8.9% of net sales at constant non-ferrous metals prices (and 6.3% of net sales at current metals prices). In 2007, the operating margin was 409 million euros, which represented 8.5% of sales at constant non-ferrous metals prices (and 5.5% of sales at current metals prices). The EBITDA (operating margin before depreciation of tangible and intangible fixed assets) amounted to 533 million euros in 2008 (11.2% of sales at constant metals prices) as compared with 510 million euros in 2007 (10.6% of sales at constant metals prices).

The income before tax of consolidated companies was 135 million euros in 2008 as compared with 281 million euros in 2007, a reduction of 146 million euros.

The very sharp decline in the prices of non-ferrous metals and copper in particular (showing a drop exceeding 50% in the last quarter of 2008) led to posting an accounting charge of 165 million euros in 2008, with no cash effect.

In fact, the hedging principles implemented by the Group guarantee that the purchase prices of metal used in the industrial process and the metal price included in the cable sold to the customer shall be the same. The valuation of inventory at a weighted average unit price resulted in posting on the books the impact of the temporary price difference between the copper actually consumed and the copper that is implicitly allocated to orders through hedging. That was made possible by the existence of a minimum copper inventory (referred to as “core exposure” of a plant) which is consumed on an ongoing basis and replenished in order to assure the continuity of the production cycle (see Note 26.D regarding the base inventory in the appendix to the consolidated financial statements).

It must be noted that continued implementation of the LIFO principle (Last In First Out—which was in effect until 2004 prior to the transition to IFRS standards) would not have resulted in posting this charge caused by this difference over time.

Counting a tax charge of 50 million euros, the Group’s net income was 82 million euros in 2008 as compared with 189 million in 2007.

1.1.2 Analysis of Group Consolidated Results

(Sales figures by origin at constant non-ferrous metals prices)

ENERGY

Energy sector sales reached 3.929 billion euros in 2008 (a 3.9% increase compared with 2007, and 6.7% on a like-for-like basis).

The principal impact on scope of consolidation pertained to the acquisition of Madeco’s cable operations. Its contribution to sales at constant non-ferrous metals prices for a three month period was 64 million euros, which was mainly realized by the subsidiaries acquired in Brazil and Peru.

Energy Infrastructure Cables:

Sales growth was 19.5% for the year 2008, with a constant scope of consolidation and constant currency exchange rates. It was comparable to the growth posted for the first half of 2008, which was 19.7%.

The sales for **high voltage cable** operations increased 37.9%, on a like-for-like basis.

In order to deal with the increased investments made in network interconnections and in the oil and gas sector, in 2008 the Group increased the production capacity of its Belgian and Norwegian plants. For this reason, the significant increase in sales continued in the second half of the year (+ 16.3% above the first half of the year), due to full utilization of the capacity of the plants dedicated to the production of this type of cable (Norway, Belgium, and Japan in a joint venture with Viscas), on as well as the establishment within the Group of subcontracting of

up to 220 kV cables at the plants in Hanover (Germany), Cortailod (Switzerland), Bourg-en-Bresse (France) or Tottenham (Australia).

In the area of land cables, most notably Nexans participated in interconnection projects in the Middle East (Qatar Phase VII, Abu Dhabi, Libya) and in China (connection of the Shibo and Shanlin stations in Shanghai by means of a 500 kV cable), to which was added a significant volume of business in Russia. This business also continued to benefit from the significant investments made by electrical power network operators in France, Belgium, and Spain.

In submarine cables, the principal achievements concerned projects for connecting various islands to continental networks (interconnection of the island of Hainan to the Chinese province of Guangdong, the island of Delma to Abu Dhabi's network, the island of Bahrain to Saudi Arabia), connection projects of wind farms to networks on the continent (Horns Rev 2 contract in Denmark), as well the delivery of umbilical cables.

New orders taken for execution in the coming months and years remained very strong. Thus, in 2008 Nexans brought in significant contracts: Phase II of the underground high voltage cable contract in Libya, Phase VIII of the land cable contract in Qatar, the Fenno-skan 2 submarine cable project (new power line connecting southern Finland to Sweden), the LINCS wind farms project in England, and the project for umbilical cables for the Usan offshore oil drilling platform in Nigeria.

In 2008, overall these projects were carried out according to estimates, despite the significant technical challenges inherent to some of them.

The net sales realized in **medium and low voltage cables** increased 10.8% for the entire year, on a like-for-like basis. This increase exceeds the one posted in the first half of the year. While sales to the operators of electrical power networks experienced a slight decrease in the second half of the year in certain countries due to the deterioration in the economic situation (Italy, Germany, Morocco), the growth in exports and in "low high voltage" constituted a significant basis for growth for certain plants, for example, Hanover in Germany.

Growth varied from more to less strong depending upon the geographic area.

In Europe, sales increased 16.5% over 2007, with a constant scope of consolidation and constant currency exchange rates. The situation in various countries was contrasted.

Germany experienced a 20.2% increase in its net sales, brought on by growth in renewable energy (wind) and the production of "low high voltage" cables designed for infrastructure projects in the export market (Russia, Denmark, among others).

The sales realized by France increased by 3.1%, due to the sustained demand of the national operator.

Sales in Scandinavian countries decreased slightly from the year 2007.

Italy experienced a drop in orders from its historical operator in the second half of the year, which resulted in a 5.9% reduction in its sales for the year, but it nevertheless confirmed its return to profitability in 2008 after the restructuring carried out in 2007.

Lastly, the Group consolidated its positions in Spain, with the acquisition of Multinacional Trade at the end of 2007.

In North America, business volume increased 6.6% at constant currency exchange rates, after a year 2007 marked by a strike at the Quebec plant lasting several months. Volumes were on the increase in the second half of the year in Canada, but declined in the United States with certain operators, whose infrastructure cable needs and requirements were directly impacted by the slowdown in the construction market.

In Asia and the Pacific, sales were stable in relation to 2007, with a constant scope of consolidation and constant currency exchange rates.

In Australia and New Zealand, sales in the second half of 2008 increased over the two

previous semiannual periods, thereby limiting the drop in one year net sales to -4.2%. The demand for energy infrastructure cables nevertheless continued to be sustained in Australia, while New Zealand suffered from a damaged economy.

In Korea, the non-renewal of the contract with the principal Korean energy network operator had only a small impact on overall activity for the year; the growth in export sales made it possible to offset the drop in the domestic market and to post 25.9% growth in the end.

In Vietnam, net sales decreased 15.1% due to the decline in the country's overall economic condition, which made the financing of projects more difficult.

In the MERA Area (Middle East, Russia, Africa), sales sharply increased in each of the countries.

In Morocco, sales increased 6.1% despite the completion of the national rural electrification program, which was a large consumer of distribution cables. The increase in exports of low and medium voltage cables to West Africa made it possible to deal with the slowdown in the domestic market.

In Egypt, sales increased 52.5% as a result of the investments made in 2007 at the Cairo plant. Local demand remained at a high level throughout the year 2008, and the necessary new equipment (in particular, a medium and high voltage insulated line) was placed in service successfully. The first high voltage cable samples were approved by Egyptian authorities and the unit for that reason brought in its first order in this more technical area. That should contribute to an improvement in its profitability. The first deliveries of high voltage cables were made in December, 2008.

In Lebanon, 2008 sales increased 5.5% over 2007. Local operators suffered from recurring financing problems which caused them to reduce their investments. On the other hand, the unit continued its own growth in exports, to Africa and the Middle East, an area in which Lebanon benefits from favorable customs agreements.

In Russia, the Group on 20 November inaugurated the plant in Ouglich, which was constructed near Moscow. The first sales were realized in the fourth quarter.

In South America, sales excluding the cable operations acquired from Madeco amounted to 69 million euros. Sales were stable in Brazil in relation to 2007, and were limited due to the delay in certain infrastructure projects awaiting environmental permits. The traditional markets for electrical power transport and distribution via overhead power lines are still very buoyant thanks to the infrastructure development programs carried out by the Brazilian government.

Sales in **Energy Accessories** increased 6.6% over 2007, on a like-for-like basis. The acquisition of Australmold in Australia consolidated the Group's positions in the Asia and Pacific Area.

Industrial Cables:

Sales dropped 1.3% from 2007, on a like-for-like basis, specifically due to the effect of the sharp slowdown in the automotive market cables and harnesses operations. Excluding these two segments, the organic increase in industrial cables operations would have been on the order of 1.5%.

Sales of **special cables for industrial applications** increased 2.5% in the year 2008 over 2007, on a like-for-like basis. Sales declined in the second half of the year and experienced a sharp slowdown in the automotive cable segment, which affected certain plants in Europe, Morocco, and Korea. On the other hand, the other priority segments in which the Group is seeking to strengthen stood up well during this period of economic slowdown, such as cables for shipbuilding, railroad cables, and cables for the gas and oil industry. Conversely, the gradual disengagement from segments with less added value (control cables in Germany, for example) accelerated, making it possible to better utilize available capacity. These programs for the

optimization of the profitability of products portfolios, which were carried out mainly in Europe, sometimes were implemented to the detriment of growth in net sales.

In Europe, France saw its sales increase 3.0% over 2007, mainly due to sales of cables for the oil industry and shipbuilding. Less significant sectors were affected by the economic slowdown.

In Germany, net sales decreased 3.6% due to the reduction in the second half of the year in sales of cables for the mining, maintenance, and automotive industries as well as sales to the navy. By contrast, sales for the railroad and robotics industries confirmed their strong growth.

Sweden and Romania in the second half of the year experienced a slowdown in the automotive market, but to a lesser degree, due to their positioning in the least affected sectors, such as cables for heavy trucks and for vehicles at the low end of the product range.

Italy, which is positioned in the robotics market, experienced a decline in its profitability due to the heavy pressure on prices. The acquisition of Intercond in that market in August, 2008 should make it possible to promote synergies among the units.

In Asia, Korea posted stable sales in relation to 2007 (- 0.5%). The shipbuilding market remained profitable. While orders for transport vessels slowed in the fourth quarter of 2008 due to the worldwide crisis, demand from shipyards continued to be sustained for specialized ships and oil drilling platforms. By contrast, sales of cables for the automotive industry suffered from the general downward trend which was accentuated by a transfer of demand to the more competitive Chinese production.

In China, the Shanghai plant dedicated to the production of industrial cables continued its strong growth, and posted sales growth of 15.4% over 2007 as well as an improvement in productivity. The placement in service of additional capacity in 2008 shall enable it to expand its product range and pursue its sales growth.

In Australia, sales of cables for the mining sector made it possible to post sustained growth of 23.9%.

In the MERA Area, sales of cables for the automotive industry in Morocco increased 3.2% in 2008 over 2007. Several important technical approvals were received in 2008 in order to permit Nexans Morocco to produce and sell in the future higher technology cables, with a higher added value. Nevertheless, the crisis which gripped this industry in the fourth quarter of 2008 had immediate repercussions on the business operations of customers who are harness manufacturers, which experienced a very considerable slowdown beginning in the month of October.

In Turkey, a very good second half of the year made it possible to achieve 43.0% growth for the year, due to sales of instrumentation cables for the oil industry and growth in sales of cables for shipbuilding.

In South America, Nexans Brazil's insulated copper conductor cable business, which started up at the beginning of 2007, increased 38.3%.

Sales of **electronic cables for industry** dropped 3.2%. Sales growth continued to be sustained both in France and in the United States, particularly in the aviation industry cable market. By contrast, sales from China of electronic cables for major telecom equipment manufacturers dropped sharply. The completion of large projects in Great Britain and Australia was late in relation to the initial projections. Nevertheless, demand in the Chinese market remains strong and it should be taken over by several export projects (Great Britain in particular).

The net sales for the **harnesses** business, after a half year of growth, ended the year with a decrease of 8.8% from 2007. This decrease was related to the sharp slowdown in the automotive market. Nevertheless, this business maintained a positive operating margin in 2008

due to immediate production capacity adjustment actions, particularly in the Czech Republic. The plan for the sale of the harnesses business which was being studied at the beginning of the year was abandoned at the beginning of the summer due to the destabilization of the financial markets.

Building Cables:

The Group posted a decrease of 4.9% in its sales, on a like-for-like basis.

In Europe, in 2008 the drop in sales was 10.9% for the entire year after a 6.2% decrease in sales in the first half of the year. The decline worsened in the second half of the year, particularly in countries affected by the sharp slowdown in the real estate sector. Nevertheless, some countries posted satisfactory performance.

France, where sales had decreased 7.9% in the first half of the year, posted a 9.4% drop in sales for the year. Profitability remained satisfactory thanks to a marketing policy that gave priority to prices to the detriment of volume.

The Belgian and Dutch markets were spared, and posted growth of 0.8% and 9.4%, respectively.

Sweden and Norway, despite a drop in the fourth quarter, posted for the total year sales increases of 12.9% and 7.2%, respectively, which were brought about, among others, by growth in sales of heating cables in the Scandinavian countries and in Central Europe.

Germany, after a drop in the first half of the year, saw its volumes increase in the second half, but to the detriment of its margins. In total, sales decreased slightly (-1.3%) from 2007, and remains insufficient to enable a return to profitability, despite the 25% reduction in staff carried out at the Vacha site in the first half of the year.

Spain, the United Kingdom, and Ireland experienced a sharp drop in sales from 2007 which is connected to the collapse of their residential market, a decline which worsened in the second half of the year. To address the situation, the Athlone plant in Ireland was shut down at the end of July.

In North America, net sales increased 4.7% over 2007 due to a sharp increase in the second half of the year. The investments made in 2006 made it possible to expand the product range for the commercial building market and thereby gain market share in the United States. In Canada, the strengthening of the U.S. dollar in relation to the Canadian dollar in the second half of the year limited competitive pressure from American cable manufacturers in Nexans Canada's domestic market.

In Australia, sales of cables for the distributor and wholesaler market sharply increased (+9.4%).

In the MERA Area, in Turkey as well as in Lebanon, the second half of the year was characterized by a sharp increase compared to the first half of the year and to the prior year due to growth in sales of building security cables.

Madeco Cable Operations (Included in the Scope of Consolidation Beginning on 1 October 2008):

The Madeco cable business (which was acquired on 30 September 2008) was consolidated for three months of 2008. Most of the cable operations purchased from Madeco are focused on Energy cables. The latter represent approximately 78% of net sales, as compared with 18% for Electrical Wire and 4% for Telecom cables.

A new management area was created: South America. In addition to operations in the former Madeco scope of consolidation, it includes Nexans Brazil, with which synergies are to be developed.

The Nexans management and reporting rules were disseminated to the new subsidiaries and were gradually implemented.

The end of the year 2008 in South America was marked by a business slowdown. Therefore in Brazil (Ficap), certain copper cable operations, which are closely correlated to the investments made by major export industries, were particularly affected. The level of business activity was also impacted by the wait-and-see attitude of distributors and the delayed startup of certain projects. In fact, the general drop in raw materials prices and the sharp depreciation of the Real greatly destabilized the behavior of market players. In other countries and especially in Chile and Peru, margins were preserved despite a significant reduction in volumes. In total, the operating margin of the former Madeco subsidiaries acquired by the Group nevertheless represented 8.5% of sales at constant non-ferrous metals prices.

The Energy business operating margin reached 402 million euros in 2008, and represented 10.2% of sales at constant metals prices. The acquisitions of Madeco cable operations and Intercond contributed increases of 8 and 3 million euros, respectively. With a constant scope of consolidation and constant currency exchange rates, the operating margin increased from 342 to 391 million euros, which represented 10.2% of the sales at standard metal prices in 2008, as compared with 9.5% in 2007. This improvement in profitability is connected to the increase in the weight of Energy Infrastructure cables, which went from 44% to 49% of sales in the Energy area, as well as the improvement in the profitability of its principal areas of specialization, and especially high voltage. Energy Infrastructure profitability therefore went from 9.0% to 11.7% with a constant scope of consolidation and constant currency exchange rates, thereby offsetting the decrease in the profitability of cables for Industry (from 7.8% to 6.7%, due to the marked decrease in the profitability of the automotive harness business) and the slight decrease in the profitability of the Building business (from 11.5% in 2007 to 10.3% in 2008).

TELECOM

Telecom cable sales amounted to 508 million euros (-3.8% from 2007 but +1.2 % with a constant consolidation scope and constant currency exchange rates). The contribution of the Madeco cable operations in 2008 amounted to 4 million euros. In a copper telecom infrastructure market that was not very dynamic, Nexans at the end of May sold its Santander plant to the British company B3. The Group maintained its positions in optical fiber cables and LAN with, however, situations that varied among the continents.

Telecom Infrastructure:

Sales increased 1.5% with on a like-for-like basis, despite the termination of the joint venture in Vietnam at the end of June 2007. If this impact were excluded, the net sales would have increased 5.1% in 2008 over 2007.

Within Telecom Infrastructure, there were differing trends:

Copper Telecom cables, sales declined 3.0% (an increase of 3.7% excluding the impact of Vietnam).

Organic growth in Europe was 9.9% over 2007. In certain countries, the Group maintained significant volumes with local operators (Norway, Sweden) and developed an innovative product offering aimed at niche markets (DuoTrack® cables for railroad equipment in Germany).

In the MERA Area, by contrast, the decline was marked by the Group's decision to give priority to a selective approach to its markets and the most profitable projects, which led to a decline in net sales in Turkey and Egypt. These decreases nevertheless did not affect the overall profitability of these countries, which reallocated their production capacity to other segments.

In optical fiber cables, sales increased 2.8%.

In Northern Europe, developments of local FTTH (Fiber To The Home) systems, which were numerous in the first half of the year, were limited in the second half of the year, but cumulative growth remained high.

In Korea, after a difficult first half of the year, the second half of the year posted a sharp increase in sales.

In Accessories, particularly in optical connection, the increase with a constant scope of consolidation was determined to be 12.5% in 2008 over 2007. Sales grew both with domestic operators and in export markets (xDSL or FTTX projects).

In order to benefit from this segment's growth potential, Nexans and Sumitomo Electric Industries Ltd. decided to cooperate in the area of optical fiber cables for terrestrial networks in Europe, by means of a joint venture. This agreement covers all FTTx applications and more specifically the deployment of FTTH (Fiber To The Home) networks.

Local Networks:

The Group posted a 1.0% organic growth in sales for the year 2008 after a first half of the year which increased 3.2%.

A slowdown was observed at the end of the year in systems sales in North America and in Europe due to the crises in the building and financial sectors.

In Europe (37% of segment sales), volumes dropped 2.0%. Export net sales increased for projects in the Middle East, but nevertheless could not offset the decrease in investments in the banking sector in the United Kingdom.

In the United States (48% of segment sales), sales increased 5.0% on a like-for-like basis in a stable market. Pursuing a strategy focused on high end, very high output (10 Gbit) copper cables made it possible to post an increase in net sales, particularly in "data center" equipment, despite a slowdown at the end of the year. The increase in optical fiber cables was very strong at nearly 15%.

In the Asia and Pacific Area (7% of segment sales), the Group has a presence in Local Networks in Korea and China. Net sales, mainly consisting of low end products, posted a decrease of 17%.

In the MERA Area, the investments made in new production lines in 2007 enabled Turkey to post organic growth of 40.2%.

In Brazil, net sales increased 1.2%.

Operating margin in the Telecom business in 2008 posted a decrease to 41 million euros, representing 8.0% of sales at constant metals prices, as compared with 49 million euros, representing 9.3% of sales at constant metals prices in 2007. Weak volumes and the shutdown of the operation in Vietnam basically explain this decrease. Profitability nevertheless remained very high in North America, while it declined slightly in Europe.

ELECTRICAL WIRE

Electrical Wire sales in 2008 amounted to 325 million euros. With a constant scope of consolidation and constant currency exchange rates, the turnover decreases 36.8% from 2007, in line with the trend from the first half of the year. Change in scope of consolidation impacts were mainly related to the sales of winding wires activities of Simcoe in Canada and Tianjin in China, which represented net sales of 26 million euros at constant copper prices in 2007, as well as the acquisition of the Madeco Group cable operations in 2008, whose sales in this area represented 15 million euros in 2008 at constant copper prices.

Wirerods: There was a 43.1% reduction from 2007, on a like-for-like basis. This drop is a result of the refocusing policy of continuous casting on solely the Group's internal needs and requirements.

In North America, the sustained volumes of the cable units as well as the increase in tolling sales made it possible to maintain a production load that was sufficient to ensure financial equilibrium. In France, after a negative first half of the year, losses increased in the second half of 2008.

In fact, the drop in external volumes was accompanied by an overall decrease of approximately 10% in the volumes sold within the Group, due to the combined effect of the slowdown in the building market, which is a large copper consumer, and the action plan aimed at reducing inventories.

Bare Wires:

The decrease in sales was 11.3%, on a like-for-like basis. There was a marked decrease in France, which has a presence in a market with standardized products. In Germany and the United Kingdom, which are positioned in specialty products with a higher added value, sales, which increased slightly in the first half of the year, slowed down during the second half of the year, particularly with the drop in demand from the automotive market.

The operating margin for the Electrical Wire business went from 8 million euros in 2007 to -2 million euros in 2008. In 2007, the enameled wire operations, which were subsequently sold, had made a positive contribution of 4 million euros to results. In addition, in 2008, the sharp reduction in direct costs expected from the investment made in 2006-2007 in a copper waste refining furnace (and which should offset the loss of margin caused by the reduction in the volume of activity) did not materialize due to technical problems which are currently being resolved.

UNALLOCATED ACTIVITIES

Certain specific activities generate expenses which cannot be allocated to specific sectors. These amounts are not significant on the Group level. In 2008 they represented a negative operating margin of 13 million euros, compared with a negative operating margin of 14 million euros in 2007. In 2008, in particular the Group increased the support given to subsidiaries in the financing of research and development projects of common interest.

2- Other Components of the Consolidated Results

2.1 The Core Exposure Effect

As of 31 December 2008, the core exposure effect was negative by 165 million euros, whereas it was positive by 20 million euros in 2007.

This effect represents the impact indicated hereinabove (Paragraph 1.1.1, before tax income trends) of the valuation of the core exposure effect at the weighted average cost.

The core exposure effect is not included in operating margin as changes in value of inventories that are included in operating margin are measured based on replacement cost in accordance with the Group's management principles whereby the price of the metals contained in the cables sold to customers is hedged.

2.2 Net impairment on fixed assets

The net charge of 19 million euros posted for fiscal year 2008 basically represents full depreciation of the tangible fixed assets of the Cash Generating Unit (CGU) in Vietnam (9 million euros). Beyond the stop of the operations of copper cable the country experienced also erosion in its principal economic indicators. The residual depreciation stated for fiscal year 2008 concerns the maintenance investments made in CGUs that were previously fully depreciated in prior fiscal years, specifically metallurgy and energy cables in Italy.

2.3 Restructuring

Restructuring charges amounted to 22 million euros in 2008 as compared with 14 million euros in 2007. They mainly represented the costs of restructuring actions taken in the building operations in Ireland in the amount of 14 million euros (Athlone plant) and in Germany (Vacha plant), following reductions in the volumes posted in those markets. These plans involved 184 persons. They were accompanied by labor measures negotiated with the employee representative bodies, which were intended to reduce the consequences of the restructuring for the employees affected.

2.4 Change in Fair Value of non ferrous metal derivatives

Nexans uses futures contracts negotiated primarily on the London Metal Exchange (LME) to reduce its exposure to non-ferrous metal price fluctuations (copper and aluminum).

However, due to the sharp volatility in non-ferrous metal prices, 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. Therefore when these instruments (i) are used to hedge future transactions (e.g., copper cathode purchases) that are highly probable but not yet invoiced, and (ii) meet the requirements in IAS 39 for cash flow hedge accounting; they are accounted for similarly to foreign exchange hedges that qualify for hedge accounting as follows: the portion of the unrealized gain or loss on the hedging instrument that is determined to be an "effective" hedge is recognized directly in equity, and the ineffective portion is recognized in "Changes in fair value of non-ferrous metal derivatives". Gains or losses previously recognized in equity are taken to the income statement in the period in which the hedged item (e.g. copper cathode purchases) affects income.

On that basis, in 2008 the amount posted in equity resulted in a 127 million euros reduction. The impact on the income statement of the change in the fair value of non-ferrous metals financial instruments was a charge of 12 million euros.

2.5 Net Gains and Losses on Asset Disposals

Capital gains amounted to 4 million euros and mainly pertained to the capital loss connected to the sale of the telecom infrastructure copper cable business in Santander, Spain, net of a capital gain of 8 million euros from sales of buildings.

2.6 Net Financial Results

The total financial charges amounted to 79 million euros in 2008 as compared with 81 million euros in 2007.

Net debt costs increased by 4 million euros due to the financing of the acquisitions made at the end of the year, which went from 44 to 48 million euros. However, in total, the average net debt calculated on a 12 month basis was lower in 2008 compared to 2007 (523 million euros as compared with 565 million euros).

Other financial charges decreased by 6 million euros mainly due to exchange rates less unfavorable in 2008 than 2007.

2.7 Income Taxes

The charge for the tax on profits was 50 million euros, as compared with a tax charge of 84 million euros in 2007. The effective tax rate was 37.1% as compared with 29.9% in 2007.

This increase in the effective tax rate is essentially explained by a limited recognition of active deferred taxes in the countries which generated a negative fiscal result in 2008.

2.8 Principal Cash Flows for the Period

In 2008, Nexans generated an operational cash flow of 346 million euros, as compared with 374 million euros in 2007. Specifically, the latter was used to finance:

- investment expenditures in the net amount of 156 million euros,
- the payment of a 50.7 million euro of Group dividend,
- a share buyback program in the amount of 29 million euros,
- the financing of acquisitions made by the Group in 2008: basically Intercond and the Madeco cable operations (for a total cash out, including debt take-over in the amount of 366 million euros). The sale of the Santander operation resulted in the collection of 17 million euros.

Working capital requirements decreased by 231 million euros and went from 1.235 billion euros as of 31 December 2007 to 1.004 billion euros as of 31 December 2008. On a comparable scope of consolidation the reduction in operational working capital requirements (customer receivables, inventory, and payables) amounted to 360 million euros. This very large reduction was achieved due to the Group's renewed efforts to reduce its inventory. Therefore, tons of metals on hand as of 31 December 2008 show the reduction compared to the end of 2007. The very sharp drop in metals prices in comparison with 2007 also contributed to this improvement in operational working capital requirements.

In total, the Group's net debt was 536 million euros as of 31 December 2008, as compared with 290 million euros one year earlier.

2.9 Balance Sheet

The balance sheet for the period ending 31 December 2008 showed:

- the Group capital and reserves of 1.578 billion euros,
- net debt of 536 million euros. The "gearing" ratio (net debt/total equity) was 33.1% working capital requirements of 1.004 billion euros, provisions for contingencies and charges, including for pensions and retirement benefit obligations, in the amount of 421 million euros, on a par with the 434 million euros recorded at December 31, 2007.,
- fixed assets in the amount of 1.525 billion euros on 31 December 2008, as compared with 1.179 billion euros in December 2007, after the reintegration of the fixed assets of the Harnesses business in the amount of 40 million euros (in 2007, in view of its planned sale, the Group had applied the IFRS 5 standard to its Harnesses operations) and the posting of the goodwill for the Madeco cable operations and Intercond in the amount of 219 million euros.

2.10 Other Significant Events During the Fiscal Year

a) Acquisition of the Madeco Group Cable Operations

In accordance with the final agreement executed on 21 February 2008, on 30 September 2008 Nexans acquired all of the cable operations of the Madeco Group, a leader in this sector in South America. Through this acquisition, Nexans acquired a first rank presence in energy cables in a high growth area.

The acquisition was financed by:

- issuing 2.5 million new Nexans shares to Madeco, which committed not to sell its shares until 30 September 2009 (with the exception of intercompany transfers); Madeco also undertook not to sell more than 50% of its shares until 31 March 2010,
- payment of a total amount, excluding acquisition expenses, of 393 million dollars (which amount is subject to final adjustment on the basis of the accounting statement for the period ending 30 September 2008), partly in cash and partly by the assumption of existing debt.

As a result of the issuance of 2.5 million Nexans shares to it, the Madeco Group holds approximately 9% of Nexans' share capital. In accordance with the 8th resolution adopted by Nexans Shareholders' Meeting on 10 April 2008, the appointment of Mr. Guillermo Luksic, Chairman of Madeco, as a Nexans director took effect on 30 September 2008, for a four year term.

This acquisition resulted in posting goodwill of 163 million euros to the Nexans Group consolidated financial statements for the period ending 31 December 2008, prior to allocation to the fair value of identifiable assets and liabilities. In compliance with the provisions of IFRS 3, said allocation shall be made in 2009 and the pro forma 2008 accounts shall be submitted with the Group's 2009 accounts.

The Madeco cable operations' contribution to the 2008 Group consolidated financial statements represented current net sales of 132 million euros and operating margin of 7 million euros. These figures do not take into account the impacts of the forthcoming allocation of the goodwill.

On a 12 month basis, based on the hypothesis that Madeco cable operations had been acquired as of 1 January 2008, this sub-group's contribution to current net sales and operating margin would have been in the order of 753 million euros and 32 million euros, respectively.

b) Optical Fiber Cable Cooperation Agreement with SEI

Nexans and Sumitomo Electric Industries Ltd. (SEI) announced on 5 December 2008 that they had reached an agreement to cooperate in the area of optical fiber cables for terrestrial networks in Europe. This agreement covers all FTTx applications and more specifically the deployment of FTTH (Fiber To The Home) networks.

For such purpose, SEI and Nexans entered into a joint venture agreement under which SEI shall hold 40% of the share capital of Opticable, a Nexans Group company based in Belgium whose operations are dedicated to the design, manufacture and marketing of optical fiber cables for terrestrial networks. In fiscal year 2008, Opticable contribution to Nexans' consolidated operating margin and current net sales was 4 million euros and 7 million euros, respectively.

This transaction, which is subject to prior approval by competition authorities, was executed at the beginning of 2009, see Section 7; "Events That Occurred After the End of the Fiscal Year."

c) Other changes in scope of Consolidation

The other principal changes that occurred in the scope of consolidation during fiscal year 2008 were as follows:

- Nexans confirmed on 1 August 2008 the acquisition of 100 % of the Italian company Intercond, one of the European leaders in the area of special cables, mainly dedicated to industrial equipment, including undersea operations.
Through this acquisition, Nexans strengthened its position as a leader in the field of cables for industrial applications. This acquisition was completed for an enterprise value of 87 million euros, and generated goodwill in the amount of 56 million euros, prior to allocation to identifiable assets and liabilities. In compliance with the provisions of IFRS 3, said allocation shall be made in the first half of 2009, and 2008 pro forma accounts shall be submitted along with the Group 2009 accounts. The final price paid was subject to a final adjustment on the basis of the accounting statement for the period ending 31 August 2008.
Intercond's contribution to the Group's 2008 consolidated financial statements consisted of current net sales of 19 million euros and an operating margin of 3 million euros. These figures do not take into account the impacts of the forthcoming allocation of the goodwill.
On a 12 month basis, positing the hypothesis that Intercond had been acquired as of 1 January 2008, this sub-group's contribution to current net sales and to operating result would have been to the order of 57 million euros and 12 million euros, respectively.
- Pursuant to the publication of its accounts for the period ending 31 December 2007, the Group had announced that it had commenced negotiations with a third party regarding the sale of the "Telecom Infrastructure Copper Cables" business in Spain. This sale to the British company B3 Cable Solutions, one of the principal European manufacturers of copper telecommunications cables, was finalized at the end of May 2008, for an enterprise value of 19.5 million euros.
In 2007, this business made a current net sales contribution of 61 million euros (29 million euros as of the end of May 2008). This sale, which did not have a significant impact on the Group 2008 operating margin, generated a capital loss of 5.8 million euros, which was recorded in the line "Net Gains and Losses from Asset Disposals" on the income statement.

d) Other Significant Transactions

- Share Buyback Program:
 - The Board of Directors, at its meeting on 30 January 2008, decided upon a share buyback program in the maximum amount of 70 million euros. 420,777 shares were bought back under this program (for a total amount of 29 million euros), which were cancelled in full by the Board of Directors at its meeting on 23 June 2008.
 - On 22 April 2008, the Board of Directors decided to initiate a share buyback program in the total maximum amount of 26 million euros, representing a maximum of 257,000 shares. According to the description published by the Company on 7 May 2008, the objective of this program was to cancel the repurchased shares. As of 31 December 2008, no shares had been bought back under this program.

- Employee Share Ownership Plan:
 - In 2007, Nexans announced the launch of an employee share ownership plan to be carried out through the issue of a maximum 500,000, new shares reserved to Group employees participating in a company savings plan. The execution of the plan was postponed until the first quarter of 2008 and resulted in the issuance of 91,525 new shares on 28 March 2008. The total charge for this plan accounted for fiscal year 2008 was not significant (less than 1 million euros). This plan consisted of a “standard” formula that enabled employees to subscribe Nexans shares with a 20% discount compared to the reference price. In line with CNC recommendations, this plan was recorded by applying the financing rate of 6.36% applicable to the market for private individuals.

This plan also included a structured “leveraged” formula which guaranteed the employees’ investments and a return corresponding to a multiple of the potential increase in the Nexans share price. The charge pertaining to this plan was valued by simulating the gain that an employee would receive from the immediate resale on the market of the various underlying financial instruments established under this formula. As a point of information, the recording of the charges for the entire 20% discount would have reduced the Group operating margin by only an additional 0.3 million euros.

3- Progress Made and Difficulties Encountered

Controlling costs and allocated resources:

Controlling of fixed and variable costs was a central concern for the Group. That fact was reinforced by the downturn in the world economy and the sharp drop in raw materials prices.

The attention paid to variable costs and the evolution of “mix products” resulted in an improvement in the margin on variable costs of practically 1% of the net sales at constant non-ferrous metals prices in 2008 in comparison with 2007, despite the high price volatility and an uncertain environment for certain business sectors, such as building.

In 2008, the price of copper dropped more than 50% in the last quarter. Because the Group’s policy has always been to systematically hedge its purchase and sale obligations, metals

balances were monitored more strictly than ever, and increased support was provided to subsidiaries. A large training program was provided to units in the “Madeco area.” Full implementation of this program shall be pursued in the first quarter of 2009.

In the second half of the year, due to increasing uncertainties in the market and an increase in the cost of financing sources, a large program for the reduction of working capital requirements was initiated, and all Group units were mobilized.

Lastly, Nexans continued to enhance quality and quantity control by its Purchasing teams with respect to the procurement of the products and services utilized. The Group is continuing its efforts for the continuous and systematic renegotiation of purchasing terms and conditions. This process is based upon an approach that links all the units as well as upon a regular comparison of prices and suppliers worldwide.

Support for Operations and Industrial Coordination:

- Management of Major Projects: for all the large investment projects, the industrial department provides to units the support of expertise in the selection of equipment that is in line with the Group’s technological options as well as assistance in the resolution of any possible technical problems at startup. In 2008 these teams provided assistance at the Ouglich site in Russia, the capacity expansion project at the Shanghai plant in China, as well as for the aviation project in Mohammedia, Morocco. The industrial department also conducted studies of the project for investment in an industrial cable plant with the Indian partner Polycab.
- Production Capacity Management: cross-divisional projects for the optimization of industrial capacity were pursued in 2008 so as to make the best utilization of existing plant and equipment in order to rapidly meet high demand, while limiting investment expenditures. In the industrial cable area, actions specifically concerned the Nuremburg plant in Germany, to enable it to respond to the significant growth in the market for cables with robotics applications.
- Industrial Performance: every plant has a set of standardized key industrial performance management indicators. These indicators are the subject of regular review and analysis, and specific support programs are implemented at the most critical sites. For this purpose, progress plans were established in Italy and Turkey which enhanced the value of the restructuring actions taken in 2007 and consolidated the improvement in the results of those sites.
- Inventory Reduction: a program for the improvement of flows, including intercompany flows was also initiated by targeting the plants where the potential savings were judged to be the most significant. The programs established by our production units for the purpose of reducing their inventories of raw materials, semi-finished products, and finished products largely bore fruit in 2008. The inventory level indicator saw continual improvement throughout the year. Service quality was not impacted by this reduction in inventories. It even continued to improve in 2008.
- Training and the Exchange of Best Practices: pursuant to the Group’s training policy, the Industrial Department attached great importance to optimal utilization of existing technological and ensuring that such expertise is shared. The year 2008 saw the number of participants in “Continuous Improvement” training increase 10% over 2007 with enhanced participation by non-European countries (72 participants in the four major modules). Priority was given to the “core” extrusion operations: training was developed, a pilot program was conducted in Australia for 30 engineers and one dozen internal experts shall be trained in disseminating to all technical teams Nexans’ best know-how in this area.

- “Business Segment Clubs” Meetings: numerous meetings were organized to enable dissemination of best practices. For example, the “Medium and High Voltage” Club brought together 45 technical experts from 17 countries for a three days seminar that included exchanges with equipment suppliers in conjunction with the Düsseldorf trade fair.
- Accident Prevention: despite two fatal accidents at the beginning of the year, the accident rate improved in 2008. The Group has undertaken major programs to reduce work accidents and has made it a priority for coming years.

Optimization of Purchasing:

Nexans continued its efforts with respect to cost control, optimization of purchasing costs, risk reduction, and the professionalization of its “Purchasing” function. This strategy was based on the following orientations:

- Optimizing reduction of total purchase costs and achieving a competitive advantage: despite the extremely high volatility of materials throughout 2008, Nexans was able to profit from opportunities to purchase at better prices due to its global presence and a better global perspective of its supply markets. The program for purchasing in low-cost countries was extended to all of Asia. New suppliers were qualified. Nexans also derived benefits from fluctuations in currency exchange rates, by utilizing suppliers in the different currency areas according to opportunities. The integration of new entrants was continued: Olex is now completely integrated into the Nexans Purchasing network, Intercond was able to benefit from the initial synergies, and the work of optimization with the sites in the “Madeco area” commenced.
- Controlling Supply Risks: the Group policy consists of having a minimum of two suppliers for every material or service employed in the manufacture of products. The program which, with the assistance of Research and Development units, is aimed at eliminating critical single supplier situations was continued. In 2008, Nexans did not have to experience production shutdowns connected to procurements from suppliers.
- Enhancing cost control: the Purchasing Department initiated numerous projects aimed not only at purchasing at lower costs, but also spending better through continuous improvement programs. The main areas concerned were the handling and recycling of wooden drums, energy cost control at production sites, control and optimization of maintenance expenses, the “travel” policy, and optimization of shipping flows. These projects were managed in close cooperation with the Group functions involved.
- Enhancing Supplier Relationships: while maintaining the multiplicity of sources of supply, in 2008 Nexans continued to adopt Group contracts aimed at enhancing the contractual relationships with certain strategic suppliers, pursuant to a policy of continuous improvement. For example, an optimization of aluminum rod supply flows was implemented in Europe with the two main suppliers. In addition, a new investment project management model was established with a major equipment supplier in order to ensure optimal delivery of equipment in terms of quality and timeliness. New materials are in the process of being tested pursuant to the development of new energy cables.

In parallel, supplier audit and assessment tools were established, including in the area of social responsibility, specifically for indirect purchasing.

- Increasing the Professionalism of the “Purchasing” Function: the training program initiated in 2008 was enhanced and strengthened, and enabled the acquisition of new technical skills and expertise and therefore increased effectiveness. The sharing of best purchasing practices was made systematic.

Development of Information Systems:

In 2008, Nexans implemented several projects in response to the strategic plan’s major priorities for information systems in 2007–2009, and consolidated the durability of its information systems in a constantly changing information technology market, by establishing partnership relationships with some of its suppliers.

The first challenge was to replace infrastructure so that it could continue to support the plan for ongoing modernization of systems serving the businesses and could continue to support the Group’s external growth. After the signing of the framework agreement with BT, with a minimum term of five years, for the supplying and operation of a private virtual long distance network, the integration of sites was successfully carried out and completed in June 2008. That also made it possible to connect the units newly acquired from the Madeco Group. At the end of 2008, 112 sites throughout the world and more than 2,300 work stations were connected via the Remote Access System (RAS).

At the same time, Nexans continued the group-wide installation of its integrated management software, while optimizing its operating costs. In October, the integration into the Nexans Group of the subsidiaries dedicated to the Madeco Group’s cables operations was completed. Corporate teams continued the finalization of the installation of SAP in Chile, Peru, Argentina, and Colombia.

A production planning tool was installed on the basis of an existing product. This tool was deployed in Sweden, Australia, and France (electrical wire business) in 2008.

As a result of the further development of the Internet and E-service portals, visitors have the ability to utilize a personalized extranet to monitor their business relationship with Nexans, and specifically to follow their orders better. Site traffic has more than quadrupled since this unified site was placed online.

Security remains a priority. Participation in CIGREF work groups enables Nexans to expand its prevention program by benefitting from the experience of other major French groups.

Difficulties encountered in 2008 principally concerned:

- the heavy load at certain plants in the Industry market in the first half of the year, which sometimes led to delays in deliveries to customers,
- the need to deal with strong growth in the high voltage market while at the same time upgrading the efficiency of industrial plant and equipment within a short period of time,

- the implementation of high voltage contracts, which were sometimes subject to execution problems,
- the high volatility of raw materials prices and currency exchange rates,
- the sudden and very sharp drop in metals prices, which required continuation of the improvement of monitoring tools and control of the hedging of metals risks within the Group.

4- Research and Development

The objective of the Research and Development activities conducted by Nexans is to maintain and expand its position in the market by developing new products and improving the quality and control of manufacturing processes.

In 2008, Research and Development programs represented a total expense of 63 million euros, which is slightly less than 1.3% of the net sales at constant metals prices, as compared with 60 million euros spent in 2007.

Nexans' technological potential, approximately 600 personnel utilizing high performance technical equipment, has been allocated to long term research (understanding of mechanisms, creation of new insulation and sheathing materials) mainly conducted by its Research Centers (Nexans Research Centers) in Lyon (France) and Nuremberg (Germany), as well as medium and short-term programs at the research centers and the units, such as the creation and qualification of new products and systems or the use of digital modeling to accelerate the introduction into the market of more high performance products or even better fulfillment of customers' needs and requirements.

As the use of copper and aluminum has major financial and technical implications, the Research Center devoted to metallurgy (Nexans Metallurgy Center) was improved and enhanced. Its purpose is to assist, support, and propose innovative solutions for the various units that process these metals, from casting until conversion into conductors. In 2008, its work specifically pertained to research on new conductors (aluminum, copper alloys, composites).

The filing in 2008 of some 50 patents, covering Nexans' various areas of activity, reflects the quality of the technological teams.

Based upon the Nexans Group's strategic plan, a new Research and Development activity organization was established: technical managers dedicated to each market (Infrastructure, Industry, Building) were designated to lead the networks of researchers while strengthening and enhancing links between the market and R&D teams.

The outstanding developments for the year 2008 included:

- continued development of compounds which improves the fire-resistance of cables, and modeling methods that enable reductions in development time and costs,

- launching a new polyurethane compound that provides improved mechanical characteristics and better fire resistance for the industrial cables utilized specifically in robotics and railroad equipment.

The year 2008 was marked by two world firsts in the field of superconductors:

- the placement in service for LIPA (Long Island Power Authority, United States) of the longest and most powerful superconductor cable in the world, pursuant to a contract supported by the US DOE (United States Department Of Energy), in partnership with AMSC (American Superconductor Corporation) and Air Liquide,
- the delivery to a British customer of the first superconductor short-circuit current limiter.

Numerous new developments and improvements were introduced in 2008 in Nexans' various business sectors, and specifically:

- the continuation of qualifications of low voltage cables for nuclear power plants,
- reduction in the diameters and improvement in the flexibility of data cables utilized for 10 Gbit/sec Ethernet,
- qualification of elastomer cables that can withstand extremely low temperatures (- 50° C) for shipbuilding,
- the development of new cables for overhead power lines that operate at higher temperatures and cables with a composite core,
- evolution of the product range (cables and components) that makes it possible to offer a complete solution for FTTH (Fiber To The Home), both with standard "loose tubes" (optical fibers in tubes) as well as fiber ribbons.

5- Trends

In January 2009, Nexans submitted to its Board of Directors its new strategic plan for the period 2009–2011.

It had a triple objective:

- reporting on progress with the 2007–2009 strategic plan and its accomplishments,
- creating new bases and directions for progress in the medium term,
- redefining priority action plans, taking into account the current overall economic situation.

The principal objectives of the previous strategic plan were to make Nexans:

- more profitable,
- less vulnerable to business cycles,
- focused on a more limited number of market segments, which offer genuine opportunities for synergy between each other.

To do so, Nexans decided to make the priority basis for its growth on energy cables through the Infrastructure, Industry, and Building markets. Telecom activities were to be the subject of strategic rethinking in order to make decisions regarding a possible repositioning for some of them.

Furthermore, Nexans was to continue its geographic redeployment in order to make the Group less sensitive to local economic conditions.

Developments and results for the year 2008 confirmed the merit of these objectives and priorities:

- energy infrastructure and most especially high voltage activities constitute the Group's engine of growth. The trends anticipated at the time the plan was prepared have been confirmed: energy infrastructure markets grew at a sustained pace to keep up with economic growth in emerging countries, while the infrastructure market in developed countries benefitted from growth in demand for interconnection, replacement of networks, and the development of wind energy,
- industrial markets confirmed in 2008 their growth potential in segments related to energy (oil and gas industry) and transportation.
The Group's presence in these segments increased with the acquisition of the Italian specialized company Intercond, the initiation of developments in the rubber sector, and the continuation of investments at the Shanghai plant in China,
- the building market, after an outstanding year in 2007 in terms of profitability, confirmed its slowdown in 2008, particularly in North America in the first half of the year.
In Europe, even though volumes declined, overall margin levels were maintained. However, these trends led to the closing of the Athlone site in Ireland and the establishment of a restructuring plan at the Vacha site in Germany,
- after having disengaged from the telecommunications copper cable business with the sale of its unit in Santander, Nexans strengthened and enhanced its position in the growing FTTH market. By securing the backing and support of one of the leaders in the sector, Sumitomo Electric Industries Ltd., through a joint venture agreement regarding Opticable, Nexans increased its production and R&D capabilities in order to better meet the needs and requirements of European operators in their high speed deployments, and offer them the best technological solutions in the area of fiber optics.
- lastly, with the acquisition of the Madeco Group cable operations, the Group acquired a foothold on a continent where it previously had only a small presence.

However, the fourth quarter of 2008 was marked by a sudden and sharp erosion of the economy and an acceleration in the drop in copper prices, which had the effect of disturbing the behavior of the market players.

For all that, the Group believes that the current market situation should not call into question its priorities and, on the contrary, should lead it to continue its strategy aimed at responding to the general trend toward globalization, market consolidation, and sustainable development challenges.

To achieve these strategic objectives and grow profitably in the long term in a more uncertain context, the Group chose selective growth and development, based upon priority for the following levers:

- improving the product offering while adding services and increasing innovation,
- developing all the advantages of a marketing network with unified coverage,
- including sustainable growth and energy efficiency as directions for growth and expansion,
- enhancing its positions in the fields of renewable energy and security.

Consequently, and in view of the current uncertain global economic situation, the Group at this point has adopted the following central scenario for 2009:

- Building, particularly in Europe, could face a further drop in volume in 2009, but the Group intends to give priority to its margins.

Nevertheless, a decrease in prices cannot be ruled out. A greater than anticipated worsening of the economy could make it necessary to adopt special measures to respond to the new situation.

- Industry was marked by a sharp worsening of market conditions in the third and fourth quarters of 2008, which caused fears of a continuation of this trend in 2009:
 - the collapse of the automotive market was brutal. The automotive and equipment cable operations shall thus be affected,
 - the sharp drop in raw materials prices could potentially cause a reduction in some investments in capacity in the mining and oil sectors, which would have a more marked impact on the operations in 2009 or 2010.

Nevertheless, at this point the Group believes that the magnitude of the order book communicated to date by its customers in certain sectors should mitigate this trend.

- Energy Infrastructure retains growth potential and must remain properly oriented. This sector, which currently represents nearly 45% of net sales of the cables activities at constant non-ferrous metals prices, over the medium term, provides a solid basis for growth.

6- Principal Risks and Uncertainties to which the Group is Exposed

6.1 General Risks

6.1.1 Risks Related to Contractual Liability

The Group systematically assesses the risks underlying the major contracts it signs. Particular focus is placed on ensuring that the Group's sales teams pinpoint the risks inherent in sales contracts and involve the Group's Legal Department in contractual negotiations.

Product Liability

The nature of Nexans' business exposes it to product liability claims and claims for damage to property or third parties allegedly caused by its products. Nexans provides warranties concerning the performance of its products, which may cover long periods of time. In addition, warranties given to Nexans pursuant to contracts for the supply of the materials and components used in the Group's products may be less extensive than the warranties Nexans gives to its customers, for example, in the optical fiber sector).

Contracts relating to turnkey projects

The fundamental aspect of contracts for the supply and installation of cables as part of turnkey infrastructure projects is connected to high voltage terrestrial and submarine cable operations, which constitute approximately 15% of net sales at constant non-ferrous metals prices. The individual value of said contracts is often high and they contain penalty and liability clauses that are applicable in the event that Nexans does not comply with the delivery schedule and/or with quality requirements (for example, technical defects requiring intervention after installation due to product non-conformity resulting from production anomalies).

In addition, a certain number of turnkey contracts are performed within the framework of consortia consisting of the Nexans Group and a manufacturer and/or service provider or with

the significant participation of any such manufacturer or subcontractor. In this situation, Nexans shares, to a certain degree, its partners' performance risks.

If these cases are invoked against Nexans in this context, the large amount of penalties involved, the possible replacement of all or part of the cables, the size of the claims for damages, the extension of the warranty period, or the financial impact on the project due to delay, could potentially have a significant adverse effect on Nexans' financial position and income.

In the event that Nexans may potentially face such penalties, it takes that fact into account when calculating the margins the Group recognizes on said contracts, as described in Note 1.h of the Appendix to the consolidated financial statements.

In 2006, Nexans, within the framework of a consortium, won a contract for the supply and installation of high voltage cables in the Middle East, totaling approximately 100 million euros. As of 31 December 2008, Nexans had almost completed the manufacture of the cables in cooperation with its partner in the joint venture recently organized in Japan, and had installed most of them at the project site. The progress on this contract was disclosed in compliance with the accounting principles cited in Note 1.g of the Appendix to the consolidated financial statements. The cables, which can function beyond the normal conditions of service, have, however, not so far passed all of the type tests required.

In view of the general contractual context, Nexans is of the opinion that the conditions for the posting of any possible provision covering the remanufacture of the cables had not been met as of the date of the approval of the accounts for the fiscal year ending 31 December 2008.

Quality Control and Insurance

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

Nexans currently has product liability insurance that it considers to be in line with industry standards and whose coverage amounts largely exceed any past claims. However, Nexans cannot guarantee that its insurance policies would provide sufficient coverage for all forms of liability claim (see section 6.1.9 below) as although the coverage amounts are high, they are capped at annual levels and the policies contain standard exclusion clauses, notably concerning the cost of the product itself and late-delivery penalties.

Antitrust investigation

In late January 2009, the European Commission, as well as competition authorities in Spain, Japan, South Korea and the United States, launched investigations against Nexans and other cable producers relating to alleged cartel behavior in the sector of submarine and underground energy cables, and associated products and services.

At this stage, the Group is not in a position to evaluate the possible outcome of these investigations. Nonetheless, given the level of fines imposed by American and European authorities in recent cases and the possible direct and indirect consequences of this type of investigation, it is possible that these investigations may have a material adverse effect on the results and consequently the financial condition of the Group.

6.1.2 Risks Related to Dependence on Customers

Nexans' activities are spread across a variety of businesses (e.g. energy, telecommunications, electrical wires), and it has many different types of end-customer – including distributors, equipment manufacturers, industrial operators and public operators – in a wide range of countries. This diversity acts as a safeguard for the Group as a whole and no customer accounts for more than 4% of consolidated net sales.

However, certain customers may represent a significant portion of a production unit's business, and the loss of one such customer may have a significant impact on a local level, leading to the closure of the manufacturing facility concerned.

In addition, given the level of operating income involved and the difficult market conditions, the loss of one customer, particularly in niche markets, such as shipbuilding, aerospace, or the automotive industry, could affect Nexans' income.

Lastly, the demand for certain products depends on the economic environment of the related business sector, such as in the oil industry.

6.1.3 Risks Related to Raw Materials and Supplies

Copper, aluminum and plastics are the main raw materials used by Nexans. Therefore, price fluctuations and the availability of products have a direct effect on its business. Nexans has so far always been able to obtain adequate supplies, at commercially reasonable prices. A global copper shortage or interruptions of supplies could have an adverse effect on Nexans' income, even though Nexans has diversified its sources of supply as much as possible in order to reduce these risks.

The situation is, to some extent, similar for petroleum by-products (PE, PVC, plasticizers, etc.). The inability to source raw materials at commercially reasonable prices could therefore adversely affect Nexans' business and income.

The Group's policy is always to have at least two suppliers for any raw material or component used in manufacturing its products. There may be certain isolated instances where the Group uses a sole supplier, particularly in the instance of raw materials used for the production of high voltage cables. Nexans' Purchasing Department has launched a program, which is aimed at, with the help of the Research and Development Department, reducing sole source procurement situations. In 2008 progress was made in this direction. In 2008 Nexans did not have to experience raw materials shortages.

As part of its strategic purchasing policy to secure supplies of certain raw materials, both in terms of volume and price (for example, the LME price [London Metal Exchange price] plus a premium), the Group has signed copper cathode purchasing contracts with two suppliers covering up to 2010. The annual volume purchased under these contracts is set at the end of the year for the following year. For its remaining copper cathode requirements, Nexans enters into annual purchasing contracts with other suppliers that include pre-determined volumes. In this manner, Nexans made agreements for approximately 330,000 tons of copper for 2009.

In view of the market for aluminum wire rods, in order to secure its supplies the Group has given firm purchase commitments for minimum quantities of approximately 50,000 tons per year for the period 2008–2012. This policy is part of the framework of a partnership with several leading international producers.

It should be noted that, as these products are listed on regulated markets, any hypothetical surplus of quantities purchased under firm commitments but not subsequently used can then be sold off although the Group may incur a potential cost connected to any possible deviation from the premium.

In parallel, in view of the Group's prominent role in the submarine high-voltage and umbilical cables market, it needs a cable-laying vessel capable of performing the Group's installation contracts within the time frames required and because of the extremely tight market for such vessels, Nexans owns its own ship, the "Nexans Skagerrak," which is one of the few in the world that is specially designed to transport and lay umbilical cables and high-voltage submarine cables.

Lastly, Nexans Group has set in motion, under the supervision of Group Purchasing, a project aimed at ensuring the compliance of products sold with the REACH Directive, which entered into force on 1 June 2007. The main task in 2008 consisted of ensuring that all the materials purchased and included in the products sold have actually been registered or pre-registered with the European Chemicals Agency ("ECHA") prior to 1 December, in order to enable the continuation of normal supply and procurement activities. No significant problem or difficulty has been found to date.

6.1.4 Geopolitical Risks in High Growth Areas

Certain high-growth countries account for a significant portion of the Group's expansion but some of these areas are exposed to major geopolitical risks. Due to that fact, the Group realizes less than 14% of its net sales at current non-ferrous metals prices in the "MERA Area" and less than 3% of its net sales at current non-ferrous metals prices in countries which are classified by Coface as having a very uncertain economic and political environment or representing a very high risk.

6.1.5 Risks Related to Nexans' Competitive Environment

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 market, geographical area and product range concerned. Consequently, the Group has several competitors in each of its businesses. Furthermore, for some businesses and in certain regional markets, Nexans' main competitors may have a stronger position or have access to greater know-how or resources. In Europe, where the Group realizes more than 60% of its net sales, the most significant competitors are Prysmian, Draka and General Cable.

In recent years, cable makers have faced a crisis in the telecommunications markets and the steady increase in trade of certain types of low value-added cable among countries in a given region. This has led a number of market players to launch restructuring programs to reduce excess production capacity. Aside from these corrective measures, however, there have been no radical changes to the structure of the industry and it remains relatively fragmented both on a regional and global scale.

Conditions have become more favorable for the industry since 2005 and capacity is being used more effectively. New players are appearing, encouraged by the development of new markets, especially in developing countries.

As certain of the Group's products (cables, wires and accessories) conform to industry specifications and are interchangeable with the products of its main domestic and international competitors, Nexans faces stiff competition in certain markets. In the industry market, OEM ("Original Equipment Manufacturers") customers are shifting away from standardized products and Nexans must constantly develop new products to meet increasingly demanding specifications. The principal competitive factors in the cable industry are cost, service, product quality and availability, geographic coverage, and the range of products offered.

In this environment, Nexans must constantly invest and improve its performance in order to retain any competitive edge it may have in certain markets. In addition, Nexans continues to

focus on the research and development, logistics, and marketing aspects of its business, in order to stand out from the competition. At the same time, faced with constant downward pressure on prices, Nexans also strives to reduce costs through continually streamlining its production processes, as well as plans to boost its manufacturing performance.

6.1.6 Risks Related to the Technologies Used

To remain competitive, Nexans must take advances in technology into account when developing its own products and manufacturing processes, or even anticipate them. The demand for low-energy consumption, recyclable and less polluting products, and especially better value 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 Nexans has a presence tend to favor the use of highly technological products. It is therefore important that Nexans undertakes research providing it with access to the technology necessary and valued by the market. Moreover, despite the significant work conducted by the research and development department and ongoing monitoring of the evolution of potentially competitive technologies, there is no guarantee that the technologies currently used by Nexans will not ultimately be supplanted by new technologies developed by its competitors or will not be subject to allegations of infringement made by its competitors.

Nexans is regularly a party to actions or claims brought by or against competitors for infringement. In the past, the financial consequences of such litigation have not been material for the Group. There are currently two patent infringement disputes in process. Although Nexans considers that it is not guilty of infringement, it nevertheless cannot guarantee a favorable outcome for the aforementioned legal proceedings:

- In Norway, in March 2005, Kvaerner filed a claim against Nexans Norway alleging infringement of a patent relating to umbilical cables. Kvaerner is claiming NOK 310 million (approximately 39 million euros) in damages. Nexans contests that the patent concerned is not applicable to its products and manufacturing process and has itself brought legal proceedings in Norway and in the Netherlands to invalidate Kvaerner's patent. In 2007, Nexans obtained a favorable court ruling in the Netherlands, under the terms of which several "claims" in the Kvaerner patent (in other words, its scope of applicability) were restricted. Following this judgment, Kvaerner filed an application to amend its patent and clarified the scope of application of the disputed patent. Consequently, in early 2008 Nexans withdrew the suit it had filed in Norway. The claim filed by Kvaerner in 2005 is still pending, but Nexans considers the residual risk in relation to this risk to be extremely low.
- In the United States, Nexans has filed a claim to invalidate a patent filed by General Cable relating to certain LAN data cables marketed by Nexans. General Cable has filed a counterclaim against Nexans for patent infringement.

6.1.7 Risks Related to Environmental Regulations

As is the case for any industrial player, Nexans 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 materials and waste, waste disposal methods and site clean-ups and rehabilitation. Consequently, Nexans is exposed to the possibility of liability claims being filed against it, and of incurring significant costs (liability for current or past activities or liability in connection with assets sold, for example).

The Group has a voluntary internal environmental management system that has been operational for several years. The underlying objective of this process is to obtain an EHP

(Highly Protected Environment) label, which is granted following an audit based on an in-depth questionnaire dealing with 12 environmental themes and sent to the Group's manufacturing facilities. For more information in this regard, please refer to section 16.1 of this Management Report.

In the United States, Nexans' activities and operations are subject to several federal and state environmental laws, which could make certain categories of entity defined by law liable for the full amount of cleanup costs relating to environmental pollution, even if no fault is determined and the relevant operations comply with the applicable regulations. Nexans is not currently involved in any proceeding of this type. However, it cannot guarantee that no such procedure will arise in the future, which could in turn negatively impact the Group.

In general, various types of environmental claims are filed against Nexans 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 its provisioning policy, Nexans believes that there is very little risk that these claims will significantly affect its financial position or future income.

As at 31 December 2008, provisions for environmental risks amounted to 5 million euros. They primarily include an amount set aside for a lawsuit in Duisburg, Germany, filed by the purchasers of a plot of land and a city council relating to soil and ground water contamination. The soil contamination is long-standing, Nexans' decontamination costs have not yet been determined, and Nexans' full and entire liability has not been established. Nexans has, however, recorded a specific provision to cover any responsibility it may have for cleanup costs.

Provisions for environmental risks also include amounts relating to the cleanup of a landfill site at the Group's Swedish subsidiary as well as other costs for current or planned site rehabilitation and soil cleanup operations due to the use of products such as solvents and oils. Additional expenses may also 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. In addition, Nexans has undertaken site studies to determine whether any possible clean-up actions are necessary.

Nexans believes that any unprovisioned costs for potential site rehabilitation should not have a significant impact on its earnings.

Nexans 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 significant adverse effect on its business, financial position or its income.

6.1.8 Nexans' Position on Asbestos

The manufacture of Nexans products does 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 enamel furnaces at two sites in France, but this activity was discontinued several decades ago.

To date, 49 people in France have been classified as suffering from an asbestos-related occupational disease, of which 11 have filed proceedings against their employer (TLM). In addition, some 83 employees (39 at Nexans Wires and 44 at Nexans Copper France—formerly SCCC) are currently undergoing medical supervision.

Management does not believe that this risk is likely to have a significant impact on the Group's financial position or earnings.

6.1.9 Risk Coverage

In addition to local mandatory insurance coverage and individual insurance taken out directly by the Group's various units, Nexans has had a Group insurance program in place since 2003. Companies in which Nexans has more than a 50% stake are eligible to participate in this program.

The overall coverage under this program did not change significantly during the course of fiscal year 2008 in comparison with the prior fiscal year, and was renewed on 1 January 2009 at similar levels.

The main types of insurance coverage under this program are as follows:

- property and casualty and business interruption,
- third-party operating and product liability,
- transportation,
- contractor's all risk insurance for terrestrial projects,
- third-party aerospace aviation and aeronautical liability,
- short-term credit risk to secure accounts receivable from certain domestic and export customers,
- liability of executive directors.

The limits on these policies are based on a historical analysis of claims experience and on the advice of the Group's brokers. They generally exceed the maximum amount of insured claims experienced by the Group in the past.

These policies are, however, subject to coverage exclusions that result in limitations on the transfer of risk.

The property and casualty and business interruption policy is subject to limitations applicable to certain units.

Certain countries or regions are currently excluded from the Group's insurance program and some geographical areas have more limited coverage for risks related to natural catastrophes, including high seismic risk areas (such as Greece, Italy, Turkey, Japan, Lebanon). Additional coverage has been taken out for the cable-laying vessel, Skagerrak, acquired by Nexans.

The short-term credit risk policy has been gradually rolled out country by country as part of a global multi-year program that was renewed on 1 January 2008 for 2 years. At the end of 2008, consolidated companies covered by this policy accounted for 80% of the Group's net sales.

With respect to third-party liability resulting from aeronautical or aerospace products, coverage for losses caused to third parties is limited to the occurrence of severe accidents or decisions to ground aircraft made by domestic or international civil aviation authorities, and excludes all other kinds of liability. It is possible that an extremely rare but highly serious claim could considerably exceed the related sales generated and significantly affect Nexans' operating income.

Finally, there is a trend among third parties, customers and suppliers as well as in the insurance market, towards increased litigation to limit or expand the scope of contractual undertakings. The possibility of legal action being taken creates further uncertainties as to the amount of risk transferred.

Risks related to acts of terrorism are covered by the insurance legally required in certain countries.

The total cost of the insurance policies (excluding individual insurance) taken out at the Group level represents less than 0.5% of the Group's net sales at constant non-ferrous metals prices.

The captive reinsurer, Nexans Re, has been operational since 1 January 2008. Aimed not only at optimizing and managing the Group's risk retention strategy, but also at managing and preventing risks, this captive reinsurer is involved in programs covering frequent claims: property and casualty and business interruption programs, short-term credit risks and transportation. It operates on a program-by-program basis, with a maximum amount of coverage per loss and a cumulative cap per insurance year (which total less than 4 million euros).

The 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 the countries where it operates.

Nexans is increasing its commitment to reducing industrial risks by putting in place a specific three-year investment program (2008–2010). This program was designed jointly by the Industrial Department and experts from the Group's property and casualty insurer. These experts visit the manufacturing sites on an annual basis, making targeted recommendations on how to improve risk prevention and safety, as well as subsequently monitoring that the recommendations have been implemented.

6.2 Financial Risks

The financial risks to which the Nexans Group is exposed are as follows:

- Liquidity risks;
- Interest rate risks;
- Foreign exchange risks;
- Metal price risks;
- Counterparty credit risks.

All of these risks are described in detail in Note 25 of the Appendix to the consolidated financial statements. A sensitivity analysis for the year 2008 is also provided in the same note.

7- Significant Events Which Occurred Between The Fiscal Year Ending Date And The Date This Report Was Prepared

Following the execution of a joint venture agreement by Nexans and Sumitomo Electric Industries Ltd. (SEI) on 4 December 2008, for the purpose of collaborating in the area of optical fiber cables for terrestrial networks in Europe, the European Commission on 16 January 2009 rendered a decision approving the transaction with respect to control of concentrations. The closing on the transaction took place on 30 January 2009, on which date SEI became the owner of 40% of Opticable shares, with the remaining 60% still being held by the Nexans Group.

See also section 6.1.1 above regarding the antitrust investigation launched in late January 2009.

8- The Nexans Company's Business Operations and Results

In addition to its role as holding company, Nexans plays a central role in collecting intra-Group royalty fees for R&D, which it then allocates among its subsidiaries according to the R&D programs they carry out for the benefit of the entire Group.

Moreover, in October 2008, Nexans discontinued its activities relating to Group financing and treasury centralization, which activity has from that date been overtaken by Nexans Services, a company dedicated for this purpose.

During the course of the fiscal year ending on 31 December 2008, net sales were 18,261,555 euros and essentially present billing for the cost of services rendered to its subsidiaries. The net result was a profit in the amount of 94,460,905 euros (versus a profit of 110,030,505 euros the previous year).

The Company's capital and reserves were determined to be 1,662,500,369 euros versus 1,416,217,646 euros as of the end of the prior fiscal year.

9- Proposed Appropriation of Income

The Annual Shareholders' Meeting will be asked to approve the appropriation of net income for the year – totaling 94,460,905 euros – as follows:

- Retained earnings brought forward	200,906,310 euros
- 2008 net income	94,460,905 euros
- Legal reserve	225,859 euros
Total distributable income	295,141,356 euros

Appropriation of income:

(based on the number of shares comprising the share capital at 31 December 2008)

- Dividend payment of 2 euros per share representing a total dividend of	55,873,906 euros
- Retained earnings	239,267,450 euros
Total	295,141,356 euros

It shall be recommended that the Shareholders' Meeting decide to distribute a dividend of 2 euros per share, bringing the total amount of the dividend to 55,873,906 euros based upon the number of shares constituting the share capital as of 31 December 2008.

However, this amount may potentially be increased (and the retained earnings correspondingly reduced) by a total maximum amount of 1,571,174 euros in order to take into account the total maximum number of 785,587 additional shares that can potentially be created, between 1 January 2009 and the date the dividend is paid, as a result of the exercise of stock options.

It shall also be recommended that the Shareholders' Meeting decide to pay said dividends on the 6th trading day following the effective date of the Shareholders' Meeting which will meet in the first half of the year 2009.

In the event that Nexans would hold treasury shares at the time the dividend is paid, the amount corresponding to the representing the dividends not paid on these shares shall be appropriated to retained earnings.

In compliance with Article 243 of the General Tax Code, it is specified that all of the Company's shares are of the same category and that all dividends paid shall be eligible for the 40% relief referred to in Article 158, Paragraph 3, Subsection 2 of the General Tax Code.

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

	Fiscal Year 2005 (distribution in 2006)	Fiscal Year 2006 (distribution in 2007)	Fiscal Year 2007 (distribution in 2008)
Dividend per share	1.00 €	1.20 €	2 €
Number of shares qualifying	21,661,745	25,539,805	25,372,103
Total amount	21,661,745 €	30,647,766 €*	50,744,206€

* this amount does not include a supplemental dividend of 10,650 euros pertaining to 2006 that was paid on 22 February 2008

In fiscal years 2005, 2006 and 2007, all the shares were of the same category.

10- Results from the Last Five Fiscal Years

In accordance with Article R.225-102 of the Commercial Code, a table detailing the Company's financial results for the last five fiscal years is appended to this report (See Annex 1).

11- Non-Tax Deductible Expenses

No non tax-deductible expenses, as defined in Article 39, Paragraph 3 of the General Tax Code, were incurred in 2008.

12- Board of Directors and Management

12.1 Corporate Governance

At its meeting on 25 November 2008, the Board of Directors, after having reviewed the AFEP/MEDEF recommendations of 6 October 2008 regarding compensation of executive directors of listed companies, considered that those recommendations are in line with the corporate governance approach of Nexans and decided to implement them.

At that same meeting, the Board of Directors also decided that the AFEP/MEDEF recommendations supplemented in that manner shall constitute the Corporate Governance Code to which Nexans shall refer for the preparation of the report required by Article L.225-37 of the Commercial Code, in implementation of Law No. 2008-649 of 3 July 2008. The Board also decided several points relating to the recommendations of October 2008, relating to the discontinuance of the employment contract in case of appointment to a corporate office, termination indemnities, supplementary pension plans and lastly, the performance conditions applicable to the exercise of stock options by executive directors, pursuant to the Board's adoption of Stock Option Plan No. 8. Following that Board meeting, on 27 November 2008, the Company issued a press release confirming Nexans' adherence to the AFEP/MEDEF recommendations of October 2008.

In addition, the Board of Directors updated its Internal Regulations at its meeting on 16 January 2009. These Internal Regulations specify certain operating procedures and mechanisms for the

Board of Directors and its Committees as well as the obligations of directors, particularly in regard to the corporate governance principles presented in the AFEP/MEDEF Corporate Governance Code of December 2008 and the Board decisions on 25 November 2008. The Internal Regulations are posted online at the Nexans Internet site. The Internal Regulations are subject to amendment by the Board of Directors, in view of changes in laws and regulations but also its own operating procedures.

12.1.1 Board of Directors

The Board has adopted organizational and operating procedures that enable it to best perform its mission.

As of 31 December 2008, the Board of Directors had 13 members coming from different backgrounds and selected for their expertise and experience in industry, banking, or consulting, enabling them to give informed opinions and advice in the best interests of the Company.

Madeco, which holds approximately 9% of the Company's share capital, is represented by Guillermo Luksic, who has been a member of the Board of Directors since 30 September 2008. The Company made a commitment to recommend to the Shareholders' Meeting the appointment of a director named by Madeco for such time as Madeco retains 50% of its equity stake in the Company share capital.

There are no directors elected by the employees.

The Shareholders' Meeting held on 10 April 2008 approved the reappointment of Colette Lewiner as director for a four year term. The Shareholders' Meeting also decided to appoint two new directors to a four year term: Frédéric Vincent and Guillermo Luksic, the latter effective as of the date of the closing of the acquisition of Madeco's cable operations, which occurred on 30 September 2008.

Directors must hold the minimum number of shares provided by the Company by-laws. The Internal Regulations of the Board also state that it is desirable for each director to hold at least 500 Company shares.

The terms of office of the members of the Board of Directors expire as follows:

<u>Year term expires</u>	<u>Director:</u>
- 2010	Gérard Hauser François Polge de Combret
- 2011	Gianpaolo Caccini Jean-Marie Chevalier Georges Chodron de Courcel Jérôme Gallot Jacques Garaïalde Jean-Louis Gerondeau Ervin Rosenberg Nicolas de Tavernost
- 2012	Colette Lewiner Frédéric Vincent Guillermo Luksic

12.1.2 Management

The Chairman of the Nexans Board of Directors, Gérard Hauser, also holds the position of Company Chief Executive Officer. This organization is in the context of a Board more than 50% of whose members are independent directors, and Committees the majority of whose members are independent directors.

In connection with Gérard Hauser's departure, as he is to leave his position as of the end of the Shareholders' Meeting that shall be called to approve the 2008 accounts, Frédéric Vincent, Chief Operating Officer, is to be appointed to the two positions effective as from the date of the annual Shareholders' Meeting that shall be held in the first half of 2009.

12.1.3 Independence of Directors

At the beginning of 2009, following a review by the Appointments and Compensation Committee, the Board of Directors reviewed the situation of each of its members in view of the independence criteria defined in its Internal Regulations, which incorporated the independence criteria defined by the AFEP/MEDEF Corporate Governance Code of December 2008.

In view of the aforementioned criteria, the Board of Directors was of the opinion that Gianpaolo Caccini, Jean-Marie Chevalier, Jérôme Gallot, Jean-Louis Gerondeau, Jacques Garaïalde, Colette Lewiner, Nicolas de Tavernost and Guillermo Luksic should be considered independent directors. In the instance of Mr. Luksic, the latter was deemed to be independent given that Madeco, of which he is the President, holds less than 10% of the Company's share capital and voting rights and does not control the Company, particularly in view of the voting right limitation rules provided by the Company by-laws.

The Board of Directors determined that the other directors are not independent: Gérard Hauser, in view of his duties as Company Chairman and Chief Executive Officer; Frédéric Vincent, in view of his duties as Chief Operating Officer; and Georges Chodron de Courcel, François Polge de Combret, and Ervin Rosenberg due to their positions with, respectively, BNP Paribas, UBS and *La Compagnie Financière Edmond de Rothschild Banque*, three institutions with which the Group maintains business relationships.

As of 31 December 2008, the Board was therefore made up of 8 independent directors out of a total of 13 directors, which means the independent directors comprised more than half of the Board.

There are no family relationships among executive directors, nor is there any service contract with any member of the Company Board of Directors or any of its subsidiaries.

To the Company's knowledge, during the last five years:

- no executive director has been convicted of fraud;
- no executive director has been associated with any bankruptcy, placing into receivership, or a liquidation of company;
- no executive director has been the subject of an incrimination or official public sanction by statutory or regulatory authorities;
- no executive directors has been prohibited by a court order from serving on an administrative, executive, or supervisory body of a public company, or from participating in the management of business of a public company.

12.1.4 Absence of Conflicts of Interest

Certain members of the Board or executive directors serve as directors or senior managers in groups that may enter into contractual agreements with Nexans for commercial transactions

(for example, customers) and/or financial transactions (for example, as investment banks and/or placement underwriters). To the extent that such contracts are negotiated and are signed under normal conditions, the Company is not aware of any possible conflicts of interest between the executive directors' duties towards Nexans and their private interests and/or other duties.

Apart from the related-party agreements subject to prior approval by the Board of Directors, there is no arrangement or agreement adopted with principal shareholders, customers, suppliers or other parties, on the basis of which a member of the Board or an executive director was selected.

12.1.5 Trading in Nexans Shares

There are no restrictions on directors or executive directors selling their Nexans shares, with the exception of rules applicable to insider trading and the recommended periods of abstention from trading in compliance with the Group procedure on insider trading.

12.1.6 Committees

The Board of Directors has set up an Accounts and Audit Committee and an Appointments and Compensation Committee.

Additional information regarding the organization and operation of the Board of Directors and its Committees is provided in the Board's Internal Regulations as well as the Chairman's Report attached to this Management Report, which was prepared in compliance with the provisions of Article L.225-37 of the Commercial Code and approved by the Board of Directors.

12.2 Compensation of Executive directors

12.2.1 Compensation Policy

The Appointments and Compensation Committee recommends to the Board of Directors the compensation of the Chief Executive Officer and the Chief Operating Officer on the basis of the rules it has established, while ensuring the consistency of said rules with the executives' annual performance evaluations, the company's medium term strategy and market practices. In establishing the structure of the aforementioned compensation, it relies upon the studies of outside consultants indicating the market practices for comparable companies.

The criteria on the basis of which the variable portion is determined are established at the beginning of each year by the Board of Directors, at the recommendation of the Appointments and Compensation Committee, for the current fiscal year. The Board also makes decisions regarding the allocation of the variable portion for the prior fiscal year in view of the meeting of predetermined criteria.

The variable portion of compensation of executive directors is determined as follows:

- Partly as a function of quantitative objectives based upon the Group's operational and financial performance, which objectives are identical to those applied to Group management executives for the purpose of determination of the variable portion of their compensation; and
- Partly on a qualitative basis based upon an assessment of individual performance.

According to the Board of Directors decision of 22 February 2008:

- The Chairman and Chief Executive Officer's variable compensation for fiscal year 2008 represents 100% of his base salary and may vary, depending on the rate of achievement of the objectives set by the Board of Directors, from 0% to 175% of said salary. 60% of this variable compensation was based on quantitative objectives based

upon operational results and the profitability of the capital employed (ROCE), and 40% on a qualitative basis, based upon an assessment of individual performance.

- The Chief Operating Officer's variable compensation for fiscal year 2008 represents 80% of his base salary and may vary, depending on the rate of achievement of the objectives set by the Board of Directors, from 0% to 120% of said salary. 70% of this variable compensation was based on quantitative objectives based upon operational results and the profitability of the on capital employed (ROCE), and 30% on a qualitative basis, based upon an assessment of individual performance.

12.2.2 Individual Compensation of Executive directors

Compensation of the Chairman and Chief Executive Officer

Gérard Hauser's compensation is detailed below

	Fiscal Year 2007	Fiscal Year 2008
Compensation due for the fiscal year (detailed in the following table)	2,231,336 €	2,200,167 €
Valuation of options allocated during the fiscal year (detailed the options table below)	-	631,935 €
TOTAL	2,231,336 €	2,832,102 €

* The Chairman and Chief Executive Officer did not receive any performance (free) shares in 2007/2008

	Amounts Due for 2007	Amounts Paid in 2007	Amounts Due for 2008	Amounts Paid in 2008
- fixed compensation	800,000 €	800,000 €	800,000 €	800,000 €
- variable compensation	1,400,000 €	858,880 €	1,368,655 €	1,400,000 €
- extraordinary compensation	-	-	-	-
- directors fees	29,500 €	29,500 €	29,500 €	29,500 €
- other benefits*	1,836 €	1,836 €	2,012 €	2,012 €
TOTAL	2,231,336 €	1,690,216 €	2,200,167 €	2,231,512 €

* company vehicle

Details of the Stock Options Allocated in 2008 to the Chairman and Chief Executive Officer

Plan Date and N°	Type of Options (purchase or subscription)	Valuation of the Options Using the Method Employed for the Consolidated Financial Statements	Number of Options Allocated in 2008	Exercise Price	Exercise Period
Plan N°7 22/02/2008	Subscription	631,935 €	30,000	71.23 €	22/02/2009 Purchase: 25% per year Expiration: 21/02/2016

In accordance with the policy adopted by the Group in 2007, every allocation of options shall be associated to a long term cash profit sharing plan (PILT), which is described in Paragraph 12.2.5 hereinafter. Under the PILT associated to stock option plan no. 7, Gérard Hauser shall be able to receive, at the beginning of 2010, a maximum amount of 533,333 euros depending on the level of achievement of the objectives provided by the PILT, which amount shall be reduced on a prorated his presence during fiscal years 2008-2009.

Compensation of the Chief Operating Officer

The Chief Operating Officer's compensation is detailed below:

	Fiscal Year 2007	Fiscal Year 2008
Compensation due for the fiscal year (detailed in the following table)	871,178 €	1,134,488 €
Valuation of options allocated during the fiscal year (detailed the options schedule below)	-	1,183,748 €
TOTAL	871,178 €	2,318,236 €

* The Chief Operating Officer did not receive any performance (free) shares in 2007/2008

	Amounts Due for 2007	Amounts Paid in 2007	Amounts Due for 2008	Amounts Paid in 2008
- fixed compensation	460,000 €	460,000 €	575,000 €	575,000 €
- variable compensation	406,990 €	436,996 €*	528,448 €	406,990 €
- extraordinary compensation	-	-	-	-
- directors fees	-	-	25,125 €	25,125 €
- other benefits*	4,188 €	4,188 €	5,915 €	5,915 €
TOTAL	871,178 €	901,184 €	1,134,488 €	1,013,030 €

* company vehicle

** 100,000 € of which are on the basis of the employment contract in effect before his position as executive director

Details of the Stock Options Allocated in 2008 to the Chief Operating Officer

Plan Date and N°	Type of Options (purchase or subscription)	Valuation of the Options Using the Method Employed for the Consolidated Financial Statements	Number of Options Allocated in 2008	Exercise Price	Exercise Period
Plan N°7 22/02/2008	Subscription	737,258 €	35,000	71.23 €	22/02/2009 Purchase: 25% per year Expiration: 21/02/2016
Plan N°8 25/11/2008	Subscription	446,490 €	45,000	43.46 €	25/11/2009 Purchase: 25% per year Expiration: 24/11/2016

In accordance with the policy adopted by the Group in 2007, every allocation of options shall be associated to a long term cash profit sharing plan (PILT); the long term cash profit sharing plans associated to stock option plans Nos. 7 and 8 are described in Paragraph 12.2.5 hereinafter. Under the PILT associated to stock option plan no. 7, Frédéric Vincent shall be able to receive, at the beginning of 2010, a maximum amount of 306,667 euros depending on the level of achievement of the objectives provided by that PILT. Under the PILT associated to stock option plan no. 8, Frédéric Vincent shall be able to receive, at the beginning of 2011, a maximum amount of 306,667 euros in the event he achieves the objectives provided by that PILT.

12.2.3 Commitments Towards Executive directors

Termination Indemnity of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer benefits from no termination indemnity provisions in the event of termination of his position.

G rard Hauser holds an employment contract with one of the Group's principal subsidiaries which was entered into prior to Nexans' listing on the stock exchange, the applicability of which was suspended as of the date that he assumed the positions of Nexans Chairman and Chief Executive Officer. If his term of office ceases for any reason whatsoever, his employment contract would automatically come back into force. The only provision of the employment contract that would be applicable after February 22, 2009 would be the non-compete clause that provides for the payment of compensation representing his total gross payment and compensation received during the last 12 months prior to the termination of his position as Nexans Chairman (see also the "Pension Obligations" paragraph hereinafter).

Termination Indemnities of the Chief Operating Officer

Termination indemnity in the Event of Termination of the Position as Chief Operating Officer

In accordance with the Board of Directors' decision on 22 February 2008 (adopted upon recommendation of the Appointments and Compensation Committee at its meeting on 21 February 2008), which was ratified by the Shareholders' Meeting on 10 April 2008, Fr d ric Vincent shall receive a termination indemnity in the event of termination of his position as Chief Operating Officer. The total amount of such termination indemnity shall represent twenty-four times the amount of his last total gross compensation.

Payment of said termination indemnity shall be subject to two performance conditions connected to (1) the rate of achievement of the quantitative objectives linked to Group financial performance established by the Board of Directors for each of the three fiscal years prior to the year of termination and (2) the average rate of comparative stock market performance. The rates computed in the above manner shall be weighted 65% and 35%, respectively, in order to determine the Performance Index rate. The total amount of termination indemnity paid shall be a function of the level of performance achieved, and a Performance Index rate of less than 30% shall not entitle to any termination indemnity. Fr d ric Vincent's rate of achievement of quantitative objectives for fiscal year 2008 shall be determined by the Board of Directors and published online on the Company Internet site.

The termination indemnity for termination as Chief Operating Officer shall be forfeited upon the effective date of Fr d ric Vincent's appointment as Chairman and Chief Executive Officer, which must be decided by the Board of Directors and shall enter into effect as of the Shareholders' Meeting which shall be called in the first half of 2009 for the purpose of approving the accounts for the fiscal year ending 31 December 2008.

Contractual Termination indemnity

Fr d ric Vincent holds an employment contract with Nexans, which has been suspended as of 15 May 2006, when he took the position of Chief Operating Officer. Should this position be terminated for any reason whatsoever, his employment contract would automatically come back into force.

In compliance with the Board of Directors Internal Regulations and the recommendation made by the AFEP-MEDEF Corporate Governance Code, Fr d ric Vincent shall resign from his position under the currently suspended employment contract in the event of his appointment as Nexans Chairman and Chief Executive Officer, which must be decided by the Board of

Directors and shall enter into effect as of the Shareholders' Meeting that shall be called in the first half of 2009 to approve the accounts for the fiscal year ending 31 December 2008. Said resignation shall result in the loss of the rights connected to the employment contract, and specifically the contractual termination indemnity, the possible indemnity to be paid in the event of a non-compete obligation (if the company decides to impose such obligation) as well as the retirement allocation described in the following paragraph, "Pension Obligations."

Pension Obligations

The Chairman and Chief Executive Officer and the Chief Operating Officer benefit from a supplementary pension system established by the Group for certain employees and executive directors.

The defined benefits pension plan, the regulations for which were adopted by the Board of Directors in 2004 (and amended on 1 October and 25 November 2008), make benefits under the supplementary system conditional upon the beneficiary ending his professional career while employed at the Company. The lifetime pension amount, with survivor benefits, is based upon the average annual pay and compensation for the last three years. This pension supplements mandatory and basic supplementary pension systems and is limited to 30% of the beneficiary's fixed and variable compensation. The Board of Directors, at its meeting on 25 November 2008, amended the plan regulations by making plan benefits for new executive directors conditional upon 5 years of employment with the Company.

Under their employment contract suspended during their terms of office, the Chairman and Chief Executive Officer and the Chief Operating Officer also benefit from a retirement allocation determined according to the formula established by the National Collective Bargaining Agreement for Metallurgy Engineers and Executives. This allocation is calculated on the basis of the pay and compensation received as an employee. In case of dismissal, the Chief Operating Officer shall lose the benefit of this allocation.

The total amount of the obligations assumed by the Group for pensions and other benefits of the same type to which the Chairman and Chief Executive Officer and the Chief Operating Officer are entitled amounts of 11,048,939 euros, as of 31 December 2008.

12.2.4 Compensation Paid to Members of the Board of Directors

The annual amount of directors fees allocated to directors was set at 500,000 euros by the Shareholders' Meeting held on 10 April 2008, effective as of the fiscal year which commenced on 1 January 2008.

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

The Board of Directors of 23 July 2008 decided that the following methods would be used for allocating the director's fees:

- each of the directors, including the Chairman, receives 17,500 euros for the fixed portion;
- each of the directors, including the Chairman, receives an additional 2,000 euros for each Board meeting attended, with a maximum of 12,000 euros per director;
- each of the members of the Accounts and Audit Committee receives 3,000 euros per meeting, with a maximum of 12,000 euros per year, it being specified that the Committee Chairman shall receive 6,000 euros per meeting, with a maximum of 24,000 euros per year; and
- each of the members of the Appointments and Compensation Committee shall receive 3,000 euros per meeting, with a maximum of 12,000 euros per year, it being specified

that the Committee Chairman shall receive 4,500 euros per meeting, with a maximum of 18,000 euros per year.

The total amount of directors fees allocated for the year 2008 was 448,000 euros, distributed as follows for each of the directors, in comparison with 2007 (in euros):

Board Members	Directors Fees Allocated in 2007 (for 2007)	Directors Fees Allocated in 2008 (for 2008)
G�rard Hauser	29,500	29,500
Fr�d�ric Vincent*	n.a.	25,125
Gianpaolo Caccini	38,500	41,500
Georges Chodron de Courcel	38,500	44,500
Jacques Gara�alde	29,500	29,500
Ervin Rosenberg	38,500	38,500
Jean-Marie Chevalier	29,500	29,500
Colette Lewiner	29,500	29,500
Fran�ois Polge de Combret	38,500	41,500
J�r�me Gallot	27,267	65,500
Jean-Louis Gerondeau	25,267	37,500
Nicolas de Tavernost	21,267	29,500
Guillermo Luksic**	n.a.	6,375
Directors left in 2007	27,699	n.a.
TOTAL	373,500 (1)	448,000

* Director appointed on 10 April 2008

** Director appointed on 10 April 2008, effective 30 September 2008

12.2.5 Policy for the Allocation of Stock Subscription or Purchase Options

At its meeting on 24 July 2007, the Board of Directors amended the Group stock option allocation policy.

In order to involve a greater number of key executives in the Group's success and increase the conditionality attached to the variable portion of their compensation, the Board decided to grant stock options on an annual basis in association with a long-term incentive plan available to a greater number of managers. This combination of cash and stock options and the introduction of annual grants will make it possible to reduce the number of options granted each year and therefore, to reduce the dilution of capital.

During fiscal year 2008:

- Following the postponement of the annual 2007 stock option allocation due to the Madeco transaction, the Board of Directors, pursuant to the authorization granted by the Shareholders' Meeting on 10 May 2007, decided on 22 February 2008 to adopt Stock Option Plan N  7 and grant 30,000 options to G rard Hauser and 35,000 options to Fr d ric Vincent.

In accordance with the Group long term profit sharing policy for its managers adopted in 2007, the allocation of stock options under Plan N  7 was associated with a long term profit sharing plan with a 2 year term, which provides for a payment equal to more than 2/3 of the nominal bonus in the event of achievement of 2009 quantitative objectives. A rate of achievement of less than 70% for any of the objectives shall not provide an entitlement to any payment; a rate of achievement of 70% of each of the objectives provides an entitlement to 70% of the PILT, the payment increases on a straight line

basis as a function of the achievement of objectives, and reaches 100% if 100% of the two objectives is achieved. This plan has 180 beneficiaries in the Group, including Gérard Hauser and Frédéric Vincent.

- Pursuant to the authorization granted by the Shareholders' Meeting on 10 April 2008, at its meeting on 25 November 2008 the Board of Directors, in accordance with its annual allocation policy, decided to adopt Stock Option Plan N° 8 and allocated 45,000 stock options to Frédéric Vincent.

The Board decided to renew the rule adopted under Plan N° 7 by which executive directors who received stock options are required to retain ¼ of the shares resulting from each exercise of options until the end of their terms of office.

The Board also adopted under Plan N° 8 external and internal performance criteria which achievement is required for the exercise of options by executive directors and members of the Executive Committee and which are linked to the average overall comparative performance of Nexans shares and the Free Cash Flow generated by the Company.

The allocation of stock options under Plan N° 8 was associated with a long term profit sharing plan with a 2 year term, which provides for a payment equal to more than 2/3 of the nominal bonus in the event of achievement of 2010 quantitative objectives, which shall be determined at the beginning of 2009. If any of the objectives is not achieved, no payment shall be made under this PILT. This plan has 216 beneficiaries in the Group, including Frédéric Vincent.

The Internal Regulations updated by the Board of Directors on 16 January 2009 and available at the Company Internet site contains in an Appendix specifically the principles governing the allocation of stock options to executive directors.

12.3 Corporate Offices and Positions Held by Executive Directors During Fiscal Year 2008

	List of Offices and Positions Held During Fiscal Year 2008 and Not Terminated as of the End of 2008 at All Other Companies
Gérard HAUSER	<ul style="list-style-type: none"> - Nexans Chairman and Chief Executive Officer - Director for Alstom, Faurecia, Aplix, Ipsen
Frédéric VINCENT	<ul style="list-style-type: none"> - Nexans Chief Operating Officer - Nexans USA Inc* Chairman and director - Chairman – Chief Executive Officer of Nexans Morocco* - Director for Nexans Canada Inc.*, International Cables Co.*, Nexans Energy USA Inc.*,
Gianpaolo CACCINI	<ul style="list-style-type: none"> - President of Assovetro, Italian Glass Manufacturers Association - Director for Saint-Gobain, JM Huber Corporation*, Saint-Gobain Corporation*
Jean-Marie CHEVALIER	<ul style="list-style-type: none"> - Professor of Economic Sciences at Paris University IX Dauphine - Director at Cambridge Energy Research Associates

	List of Offices and Positions Held During Fiscal Year 2008 and Not Terminated as of the End of 2008 at All Other Companies
Georges CHODRON DE COURCEL	<ul style="list-style-type: none"> - Chief Operating Officer of BNP Paribas - Member of the BNP Paribas Executive Committee - Chairman of Financière BNP Paribas SAS, Compagnie d'Investissement de Paris SAS, BNP Paribas (Suisse) SA* - Director for Bouygues SA, Alstom, F.F.P. (Société Foncière Financière et de Participations), Verner Investissements SAS, Erbé SA*, BNP Paribas ZAO*, Scor Holding (Switzerland) AG* - Member of the Lagardère SA Supervisory Board - Auditor for Exane, Scor SA, Safran
Jérôme GALLOT	<ul style="list-style-type: none"> - Chairman of CDC Entreprises - Member of the Management Committee of Caisse des Dépôts - Director for ICADE, Caixa Seguros*, Plastic Omnium, CNP Assurances - Member of the Schneider Electric SA Supervisory Board - Auditor for NRJ Group, Oseo
Jacques GARAIALDE	<ul style="list-style-type: none"> - Managing Director de Kohlberg Kravis Roberts & Co. Ltd - Chairman of the Board of Directors of PagesJaunes Groupe - Chairman and Chief Executive Officer de Médiannuaire Holding - Director for Legrand, Tarkett SA - Member of the Management Committee of Société d'Investissement Familiale
Jean-Louis GERONDEAU	<ul style="list-style-type: none"> - Member of the Zodiac Board of Directors - Director for Faurecia - Chairman and Vice-Chairman of the Supervisory Board of the Institut de Développement Industriel (IDI)
Colette LEWINER	<ul style="list-style-type: none"> - Vice President, Global Leader Energy, Utilities & Chemicals for Cap Gemini - Director for La Poste, TGS-NOPEC Geophysical Company ASA* - Member of the Academy of Technology - Member of the Advisory Group on Energy of the European Commission
Guillermo LUKSIC	<ul style="list-style-type: none"> - Chairman of the Board of Madeco*, CCU* , CNT Telefónica del Sur*, Viña San Pedro* - Member of the Board of Banco de Chile*, Antofagasta plc* - Member of and advisor to management bodies of : Ena Craig foundation (Chile), Centro de Estudios Públicos (Chile) - Trustee of the Finis Terrae University (Chile)
François POLGE DE COMBRET	<ul style="list-style-type: none"> - Senior Advisor at UBS Investment Bank - Director for Bouygues Telecom - Member of the Safran Supervisory Board
Ervin ROSENBERG	<ul style="list-style-type: none"> - Counselor to the President of Compagnie Financière Edmond de Rothschild Banque - Member of the Supervisory Board of LCF Rothschild Financial Services, - Chairman and Chief Executive Officer of Financière Savoissienne

**List of Offices and Positions Held During Fiscal Year 2008 and
Not Terminated as of the End of 2008
at All Other Companies**

Nicolas de TAVERNOST	<ul style="list-style-type: none"> - Chairman of the Board of Directors of M6 - Member of the Supervisory Board of Ediradio SA (RTL) - Director for Antena 3*, GL Events SA, Club des Girondins de Bordeaux, Extension TV SA, TF6 Gestion SA and Société Nouvelle de Distribution SA - President of the European Commercial Television Association (ACT)*
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(*) Positions held at foreign companies.

12.4 Information with a Potential Impact in the Event of a Tender Offer

In addition to the commitments towards the Chairman and CEO and the Chief Operating Officer described in Subsection 12.2.3 hereinabove, other Nexans Executive Committee members shall be entitled, in the event of termination (for any reason other than gross negligence or misconduct), to payment of compensation that represents two years of their total gross compensation. Said compensation would be in addition to their contractual termination indemnity, with the exception of four of them, for whom the amount is set at two years of their total gross annual compensation.

In addition, the following two commitments contain provisions regarding a change in the control of Nexans:

- The syndicated loan agreement in the amount of 580 million euros; this agreement contains a clause for accelerated repayment, including in the event of a change in the control of Nexans.
- The prospectus for the issuance of the "2017 Notes" (5.75% bonds, 2007–2017, issued on 2 May 2007 and quoted on the Luxembourg Stock Exchange). Under the terms of the prospectus for the issue, bondholders have a sell option in the event of a change in the control of Nexans which is accompanied by a rating downgrade.

12.5 Summary of Transactions in Company Shares During Fiscal Year 2008 by Executive Directors and Senior Managers Designated by Article L.621-18-2 of the Financial and Monetary Code

Person Involved	Date of Transaction	Type of Transaction	Financial Instrument	Price (in euros)	Total Gross Amount (in euros)
Gérard Hauser Chairman and Chief Executive Officer	31/01/08	Purchase	Shares	70.70	28,280
	20/10/08	Subscription	Stock Options	11.62	145,250
	19/11/08	Sale	Shares	39.67	495,875
Frédéric Vincent Chief Operating Officer	31/01/08	Purchase	Shares	74.82	37,410
	16/10/08	Purchase	Shares	45.4123	90,824.60
Related party of Frédéric Vincent	31/01/08	Purchase	Shares	74.82	74,820
Jérôme Gallot Member of the Board of Directors	29/04/08	Purchase	Shares	84	8,400
	29/04/08	Purchase	Shares	84.50	8,450
	09/10/08	Purchase	Shares	47.20	4,248
Related party of Jérôme Gallot	09/10/08	Purchase	Shares	47.20	20,296

Véronique Guillot-Pelpel Member of the Executive Committee <i>(until 11 July 2008)</i>	28/03/08	Subscription	FCPE units	58.32	110,000
	30/06/08	Purchase	FCPE units	78.3503	14,843.26
Michel Lemaire Member of the Executive Committee	05/02/08	Subscription	Stock Options	11.62	72,625
	28/03/08	Subscription	FCPE units	58.32	50,000
	30/04/08	Subscription	Stock Options	27.82	139,100
	30/06/08	Purchase	FCPE units	78.3503	14,843.26
Colette Lewiner Member of the Board of Directors	17/06/2008	Purchase	Shares	87.3410	52,404.60
Guillermo Luksic Member of the Board of Directors	27/11/08	Purchase	Shares	44.14	22,070
Frédéric Michelland Member of the Executive Committee	28/03/08	Subscription	FCPE units	72.89	110,000
	30/06/08	Purchase	Shares	78.3503	14,843.26
	18/09/08	Purchase		68.95	4,826.50
Patrick Noonan Member of the Executive Committee <i>(since 11 March 2008)</i>	28/03/08	Subscription	FCPE units	58.32	50,000
	13/05/08	Subscription	FCPE units	88.7503	10,677.47
Pascal Portevin Member of the Executive Committee	28/03/08	Subscription	FCPE units	58.32	10,000
	28/03/08	Subscription	FCPE units	72.89	50,000
	26/05/08	Subscription	Stock Options	27.82	347,750
	27/05/08	Purchase	Sales Option	10.0758	125,947.50
	27/05/08	Sale	Purchase Option	10.0758	125,947.50
	30/06/08	Purchase	FCPE units	78.3503	2,300
	18/11/08	Sale	Shares	42.30	423,000
	20/11/08	Sale	Shares	38.99	487,375
	26/11/08	Subscription	Stock Options	27.82	55,640
Yvon Raak Member of the Executive Committee	28/03/08	Subscription	FCPE units	58.32	20,000
	28/03/08	Subscription	FCPE units	72.89	75,000
	30/06/08	Purchase	FCPE units	78.3503	14,843.26
Gordon Thursfield Member of the Executive Committee	28/03/08	Subscription	FCPE units	58.32	5,832
	01/09/08	Subscription	Stock Options	27.82	15,996.50
	01/09/08	Sale	Shares	87	50,025
	02/09/08	Subscription	Stock Options	27.82	74,418.50
	02/09/08	Sale	Shares	87	232,725
Jacques Villemur Member of the Executive Committee <i>(since 15 July 2008)</i>	24/11/08	Sale	Shares	41.13	102,825

13- Information on the Allocation of the Share Capital and Voting Rights

On the basis of the information received in accordance with Article L. 233-7 of the Commercial Code, the shareholders holding more than 5% of the company's share capital or voting rights as of 31 December 2008 were:

- Madeco SA (Chile), through its subsidiary Soimad SA (Chile)
- Barclays Group management firms [Barclays Global Investors Limited, Barclays Global Investors N.A., Barclays Global Fund Advisors and Barclays Global Investors (Germany) AG] (United Kingdom), and
- Morgan Stanley (United States).

The exceeding of the thresholds provided by law that occurred during fiscal year 2008 were as follows:

- the management firms Barclays Global Investors Limited, Barclays Global Investors N.A., Barclays Global Fund Advisors and Barclays Global Investors (Germany) AG, declared on 29 January 2008 that on 23 January they had jointly exceeded the thresholds of 5% of the share capital and voting rights and jointly held 1,328,010 shares, which represent 5.17% of the share capital and 5.13% of voting rights;
- on 24 April 2008, Morgan Stanley (United States) declared that on 16 April it had indirectly exceeded the thresholds of 5% of the share capital and voting rights, and held 1,647,219 shares representing 6.39% of the share capital and 6.34% of voting rights. This exceeding of thresholds resulted from the total Nexans shares holdings of Morgan Stanley & Co. International Ltd, Morgan Stanley & Co. Incorporated, MSDW Equity Finance Services (Cayman Ltd), companies controlled directly or indirectly by Morgan Stanley (United States). The declarant also stated that it held 401,020 convertible bonds (January 2013) that entitled it, through a conversion, to an equal number of Nexans shares;
- FMR LLC (United States) and Fidelity International Limited (FIL) (Bermuda) announced in a press release that their respective equity stakes in quoted French companies would from that point forward be declared independently. Thus, on 2 and 6 May 2008, FMR LLC (United States) and Fidelity International Limited (FIL) (Bermuda) declared the exceeding of the following thresholds, which occurred on 24 April 2008:
 - o FMR LLC declared that it had fallen below the thresholds of 10% of the share capital and voting rights and held 2,538,144 shares representing 9.84% of the share capital and 9.77% of the voting rights;
 - o Fidelity International Limited (FIL) declared that it had fallen below the thresholds of 10% of the share capital and voting rights and held 13,920 shares representing 0.05% of the share capital and voting rights;
- Morgan Stanley (United States) declared on 15 May 2008 that on 7 May it had fallen below the thresholds of 5% of company share capital and voting rights and subsequently on 9 May had exceeded those same thresholds, and in the end held 1,671,415 shares representing 6.48% of the share capital and 6.44% of voting rights. These instances of crossing thresholds resulted from the total Nexans shares holdings of Morgan Stanley & Co. International Ltd, Morgan Stanley & Co. Incorporated, MSDW Equity Finance Services (Cayman Ltd), companies controlled directly or indirectly by Morgan Stanley (United States);
- on 21 May 2008, Morgan Stanley (United States) declared that it held 403,820 convertible bonds (January 2013) that entitled it, through conversion, to an equal number of Nexans shares;
- on 1 August 2008, FMR LLC (United States) declared that on 30 July it had fallen below the thresholds of 5% of the share capital and voting rights and held 1,250,401 shares representing 4.92% of the share capital and 4.87% of voting rights;
- on 7 October 2008, Madeco SA (Chile) declared that on 30 September it had exceeded the thresholds of 5% of the share capital and voting rights and held 2,500,000 shares representing 8.96% of the share capital and 8.86% of the voting rights of this company. This exceeding of thresholds resulted from Nexans issuing 2,500,000 shares to Madeco SA as compensation for an in-kind contribution;
- on 24 October 2008, the management firms Barclays Global Investors Limited, Barclays Global Investors N.A., Barclays Global Fund Advisors and Barclays Global Investors (Germany) AG declared that they had fallen below the thresholds of 5% of the share capital and voting rights, and jointly held 1 375 063 shares representing 4.93% of the share capital and 4.87% of voting rights;
- on 14 November 2008, the management firms Barclays Global Investors Limited, Barclays Global Investors N.A., Barclays Global Fund Advisors and Barclays Global

Investors (Germany) AG declared that on 10 November they had jointly exceeded the threshold of 5% of the share capital, and subsequently they had jointly exceeded the threshold of 5% of voting rights on 11 November 2008, and jointly held as of the latter date 1,417,719 shares representing 5.08% of the share capital and 5.02% of voting rights;

- on 23 December 2008, Soimad SA (Chile) declared that it had individually exceeded on 22 December the thresholds of 5% of the share capital and voting rights and held 2,500,000 shares representing 8.95% of the share capital and 8.85% of the voting rights. This exceeding of thresholds resulted from the contribution by the firm Madeco SA (Chile) of 2,500,000 Nexans shares to its subsidiary Soimad SA.
- on 24 December 2008, Madeco SA (Chile) stated that it held directly and indirectly, through its subsidiary Soimad SA, 2,568,726 Nexans shares representing 9.20% of the share capital and 9.10% of the voting rights.

Employees owned 1.4% of the Company's share capital at 31 December 2008, of which 93% was held through employee mutual funds (FCPE).

As of 31 December 2008, the Company's share capital was 27,936,953 euros, divided into 27,936,953 shares with a par value of one (1) euro each. This amount included the impact of 87,850 stock options exercised between 1 January and 31 December 2008 and the issuance of 91,525 new shares to employees participating in a company's savings plan, as acknowledged by the Chairman and CEO on 28 March 2008.

As of 31 December 2008, 303,616 shares carried double voting rights and the total number of voting rights was 28,240,569. Pursuant to the Company's by-laws, when voting at Shareholders' Meeting, no shareholder, whether acting on his behalf or as proxy for another shareholder, may exercise more than 8% (or 16% for shares with double voting rights) of the voting rights attached to the shares held by shareholders present or represented at the meeting concerned.

14- Share Buyback Program

Share Buybacks Since 1 January 2008

On 30 January 2008, the Board of Directors, acting upon delegation of the Shareholders Meeting's dated of May 10, 2007, decided to implement a share buyback program in a maximum amount of 70 million euros. Under this program, whose description was published on February 4, 2008 and which objective was the cancellation of the acquired shares, 420,777 shares were purchased, with a total value of 29 million euros. The total amount of negotiation fees incurred in connection with this program amounted to 29,389.76 Euros. All of the aforementioned 420,777 shares were cancelled by the Board of Directors on 23 June 2008.

14.2 Renewal of Shareholders' Authorization

The Shareholders' Meeting on 10 April 2008 authorized the company to trade in its own shares subject to the terms and conditions that it established.

On 22 April 2008, the Board of Directors decided to initiate a share buyback program in the total maximum amount of 26 million euros, representing more than 257,000 shares. According to the description published by the Company on 7 May 2008, the objective of this program is to void the repurchased shares.

As of 31 December 2008, no shares had been bought back under this program. The company therefore, as of the latter date, held none of its own shares.

15- Statement of the Utilization in 2008 of Share Capital Increase Authorizations

- On 28 March 2008, Nexans carried out a share capital increase reserved for the Group's employees participating to a company's savings plan through the issuance of 91,525 new shares. This share capital increase was carried out on the basis of the authorization by the Shareholders' Meeting held on 10 May 2007. Two subscription formulas were offered through a FCPE (with the exception of local particularities): one "standard" formula that enables employees to subscribe Nexans shares at a unit share with a 20% discount from the reference share price, and a structured "leveraged" formula offering a guarantee for the amount invested by employees and a multiple of the possible performance of the shares.
- On 30 September 2008, Nexans issued 2,500,000 new shares in consideration for the Chilean company Madeco's contribution of almost all of the shares of its Argentinean subsidiary Indelqui and Chilean subsidiary Invercable. This issuance was completed in the framework of Nexans' acquisition of Madeco's cable business operations, which was completed on 30 September 2008, and was carried out on the basis of the authorization by the Shareholders' Meeting held on 10 April 2008. Madeco undertook not to sell its shares until 30 September 2009, except through an intercompany transfer. On 22 December 2008, Madeco transferred its holding of 2,500,000 Nexans shares to its subsidiary Soimad. As a result of this issuance, the Madeco Group holds 9% of Nexans' share capital and voting rights.
- In addition, as of 31 December 2008, 1,593,100 Nexans stock options reserved for personnel remain in effect, representing 5.7% of the share capital, and in the event they are exercised they each entitle to one Nexans share.

A summary table of the currently valid authorizations the Shareholders' Meeting has granted to the Board of Directors in connection with share capital increases is attached in an Appendix 2 to this report. This table indicates the utilization of said authorizations during fiscal year 2008.

16- Management by Nexans of the Social and Environmental Consequences of Its Operations

16.1 Environmental Consequences of the Group's Operations

16.1.1 Nexans policy on environmental issues

The environment and the safety of employees and property are of primary importance to Nexans. The Group's policy is outlined in the "Industrial Risk Management" charter signed by the Chairman and sent to all sites worldwide and available on the intranet. This charter covers continuous improvement in performance through the audit of production sites, and the assessment of risks relating to products and manufacturing processes.

Nexans' commitment to environmental protection is also reflected in its policy of training its employees in environmental best practices.

Environmental policy is the responsibility of the Group's Industrial Management Department, which reports directly to the Strategic Operations Department. The Industrial Management Department supervises industrial strategy, investment budgets, and the management of major industrial projects. The Department also manages cross-organizational projects in particular product and process development, as well as the Group's plant and machinery. In each of these areas, it ensures that conservation and environmental protection requirements are fully complied with.

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

The continuous performance improvement program for production sites is steered by the Environment Committee, which comprises members from the Strategic Operations, Industrial Management, Technical, Purchasing, Legal, Risk Management, Communications and Human Resources Departments.

Environmental Management: Measures Taken to Ensure Compliance with Applicable Rules

An internal environmental management system was put into effect in 1992, and was subsequently extended to all sites. Its objective is to reduce pollution risks and control environmental costs (consumption of energy, raw materials and hazardous substances, waste disposal and recycling).

In accordance with ISO 14001, this system is based upon an annual review of all the Group's facilities by means of a questionnaire covering 12 environmental issues, each rated according to a scoring grid. This questionnaire, which was posted online on the Intranet in 2008, also surveys the investments made by Nexans during the year to improve environmental performance. The scoring grid changes each year, consistent with regulatory developments and the areas that the Group wishes to improve. In 2008 as in 2007, the points reviewed included water recycling at plants (to limit consumption), waste recycling and reuse, identification of major environmental risks (accompanied by specific crisis management plans), and storage of hazardous liquids.

A Group Environmental Manual, approved by the Executive Committee, was drawn up in January 2005 and issued to all production sites. It describes the Nexans environmental management approach, in particular the performance targets, procedures, emergency plans and tools available at each site. This Manual was updated and approved in November 2008.

It serves as a reference document for the plants' environmental management systems. It describes the Group's organization and the role of Country Management in implementing the Group's Environmental Policy.

Once the questionnaires have been analyzed, recommendations are sent to the sites in the form of summaries and graphs so that problems can be solved through action plans tailored to the improvement of environmental management at specific sites. Recommendations are monitored on an annual basis.

Since 2003, the Group has been using a specialist outside company to audit issues covered by the questionnaire.

Since then, around 25 sites are audited each year, and, if found to be well-managed environmentally, are awarded the EHP [*Environnement Hautement Protégé*, Highly Protected Environment] label, denoting compliance with the highest environmental standards. Of the 25 sites audited in 2008, 14 were awarded this label: three in France, two in Germany, two in Belgium, one in Canada, one in the United States, one in Turkey, one in Romania, one in Sweden, and two in Italy.

In total, in the scope of consolidation by the end of 2008, 52 Group sites had received the EHP label, which is two more than in 2007.

The sites that did not receive the EHP label were given recommendations on how to achieve the required level, and initiated corrective actions accordingly. These actions are included in the plants' three-year plans.

The environmental audit program, which is the same for all the sites audited, is a means of checking data on the consumption of materials (water, solvents, energy, packaging, etc.), discharges into the air and water, soil protection, the condition of storage facilities, waste volumes and recycling methods, and the impact of the Group's activities in terms of noise. In addition to this highly efficient system, some of the Group's plants are undergoing ISO 14001 certification. 38 of the Group's plants have attained this certification, one more than in 2007.

16.1.2 Environmental Consequences of the Group's Operations and Measures Taken to Limit their Impact

The environmental impact of Nexans' main operations can be summarized by sector, as follows:

Copper and Aluminum Metallurgy

The main resources used by the Group are energy (natural gas) and water, which is used for steam and cooling. Most of the water consumed is recycled (95%).

Power and Copper Telecom Cables

Conductor manufacturing (drawing and stranding) consumes electrical power for annealing and oily water for drawing lubrication. Wastewater is filtered, treated, and recycled.

Extrusion cable manufacturing requires large quantities of water for cooling. Most of this water is recycled, ensuring that consumption remains low.

Air emissions are treated by filter extractors specific to each facility and subject to the emissions thresholds established by each country.

Solvent consumption is very low considering the extremely large quantities of cables produced (and pertains primarily to marking inks, for which special treatment and processing is provided by the Group: storage in small cabinets and fume hoods used for cleaning ink jets and wheels).

Waste Recycling: a Dedicated Joint Venture

The Nexans Group is highly committed to waste recycling, through the RECYCABLE company, 36% of whose shares it owns, RECYCABLE recycled 21,700 tons of cable waste from Nexans' plants in 2008.

Through the very thorough sorting of factory waste and recycling of cable waste, the majority of the Group's waste – including wood, paper, cardboard, ferrous metals, machine oil, batteries, and special waste – is utilized in some way.

Environmental Indicators

The following indicators are used to monitor year-on-year changes in environmental impact for the year 2008.

	2008	2007	2006
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Number of sites monitored	93***	98*	91
Energy Consumption	1,657,900 MWh	1,715,000 MWh	1,615,000 MWh
of which electricity	890,000 MWh	913,000 MWh	893,200 MWh
of which fuel	87,900 MWh	-	-
of which gas	680,000 MWh	-	-
Waste Tonnage	103,800 t	93,500 t	97,500 t
of which special waste	6,730 t	6,200 t	8,600 t
Water Consumption	4,760,000 m ³	4,743,000 m ³	4,452,000 m ³
Solvent Consumption	940 t	740 t	1,500 t
Copper Consumption	650,000 t	718,000 t	841,000 t
Aluminum Consumption	138,000 t	154,000 t	140,000 t
Number of sites equipped with water recycling facilities **	74	-	-

(-) not available

(*): Includes the three Olex sites

(**): Sites where a minimum of 75% of machinery is equipped with water recycling

(***): Data for the Madeco sites does not appear in this table.

In 2008, a spill of 4,800 liters of oil occurred at the Halden site. Local authorities took no action in response and no compensation had to be paid for environmental damage.

These figures, which are estimated based upon the data collected, pertain to the Group scope of consolidation as of 31 December 2008.

Environmental Expenditure

In 2008, environmental-related costs amounted to 7.5 million euros.

This expenditure mainly covered the following items: environmental taxes (e.g.: water tax), maintenance (purchase of filters, for example), analysis, tests, licence fees and permits.

Environment-related Investments and Provisions for Environmental Risks

Investments

Environment-related investments made in 2008 are summarized in the following table:

2008 (in thousands of euros)	Soil and Water Protection	Air Protection and Energy Savings	Waste Reduction and Miscellaneous	Noise	Elimination of PCB Transformers (in France)
Amount	2,401	815	596	30	50
Total	3,892				

In 2007, environment-related investment totaled 4.5 million euros.

Soil and Water Protection: The current degrading of ground water and the management of water as a rare resource worldwide constitutes a priority challenge of sustainable development. Nexans is participating in considering and acting on this issue by enhancing supervision and monitoring the storage of polluting liquids in storage and operational areas.

Air Protection and energy savings: Saving energy is a concern of the Group. Various investments have therefore been made in this area:

- replacement of air compressors with modern equipment that consumes less energy;
- overhaul of heating systems and replacement of boilers with equipment that consumes less energy;
- improvement of the power factor (reduction of idle power), improvement of electrical networks.

Provisions for Risks

As at 31 December 2008, provisions of 5 million euros had been set aside for environmental risks. The relevant risks are described in Section 6 of this report.

16.2 Social Aspects

16.2.1 Headcount

In 2008, the Group's total headcount increased 7.2%, mainly as a result of the acquisition of the Madeco cable business. The Group has a presence on all continents, with approximately 38% of its personnel based outside Europe, an increase of 7 points compared to 2007, which is the result of the Group's strategic movement toward geographic redeployment.

Headcount Trends by Geographic Area

	Europe	Asia-Pacific	North America	South America	MERA	Nexans Group
2004	15,726	1,166	1,802	380	1,714	20,788
2005	14,274	1,270	1,835	412	1,793	19,584
2006	14,372	2,459	1,961	460	1,898	21,150
2007	15,184	2,273	1,870	504	2,067	21,898
2008	14,575	2,459	1,803	2,535	2,108	23,480

(MERA = Middle East, Russia, Africa)

EUROPE

Some 62% of Nexans staff are employed in Europe. The 4% reduction in 2008 staffing levels is mainly the result of the sales of the copper-cable telecom infrastructure activities in Spain (Santander site), the closure of the Athlone plant in Ireland, and the restructuring carried out at Vacha in Germany.

ASIA-PACIFIC

The Asia-Pacific area employs 10% of Nexans staff and posted an 8.2% increase, mainly related to the growth of high voltage in Japan and production capacity in China, where staffing levels increased 7% between 2007 and 2008.

NORTH AMERICA

Staff in the North America Area represent 7.7% of the Group's total staff, a 3.5% reduction from 2007. In the United States, the development of production capacities in Chester enabled a 2% increase, whereas in Canada staffing levels contracted 6% with the reduction in activity in Québec.

SOUTH AMERICA

In this newly created management area, the sharp increase is connected to the acquisition of the Madeco cable business in September 2008. A total of 2,031 personnel, located in Brazil, Peru, Chile, Argentina, and Colombia, joined the Group.

NERA

Staff in the NERA area represent 8.9% of the Nexans total staff, and staffing levels saw a 2% increase with the opening of a plant in Russia (in Ouglich).

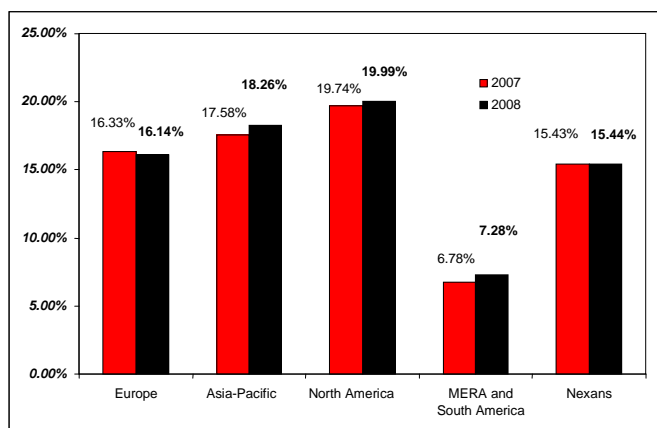
The indicators detailed and analyzed hereinafter do not include the automotive harness business, which has little in common with the other cable production operations, nor the staffing levels resulting from the acquisition of the Madeco and Intercond cable businesses, for which the Group does not yet have the necessary information.

Employee Gender Breakdown

In 2008, the percentage of female employees at Nexans remained stable at 15.4%. However, the situation varies greatly from one country to the other. For example, women are better represented in countries such as Denmark (42%) or China (35%).

On the other hand, their numbers in management and executive positions are increasing, because they now represent 19.1% of management staff, as compared with 18.8% at the end of 2007. Hiring and recruitment particularly in Asia (China and Vietnam) and in France contributed to this increase.

Percentage of female employees as at 31 December 2008:



Figures excluding the automotive harness business, Madeco scope of consolidation and Intercond

Nexans attaches great importance to promoting equality between men and women, whether in career development, access to training, salary, or positioning in the company. Local policies strengthen this favorable trend. For example, in the United States, the Group's diversity policies uphold Employment Equity: any possible form of discrimination based upon a criterion that is outside the person's area of competence and responsibility is prohibited, such as those based upon gender or religion. In France, the Diversity Monitoring Bureau makes it possible to prepare a report on the comparative situation of men and women in each of the Group companies. This report is the basis for annual discussion with labor unions and partners regarding the objectives for job equality between women and men, and the action to be taken to achieve those objectives.

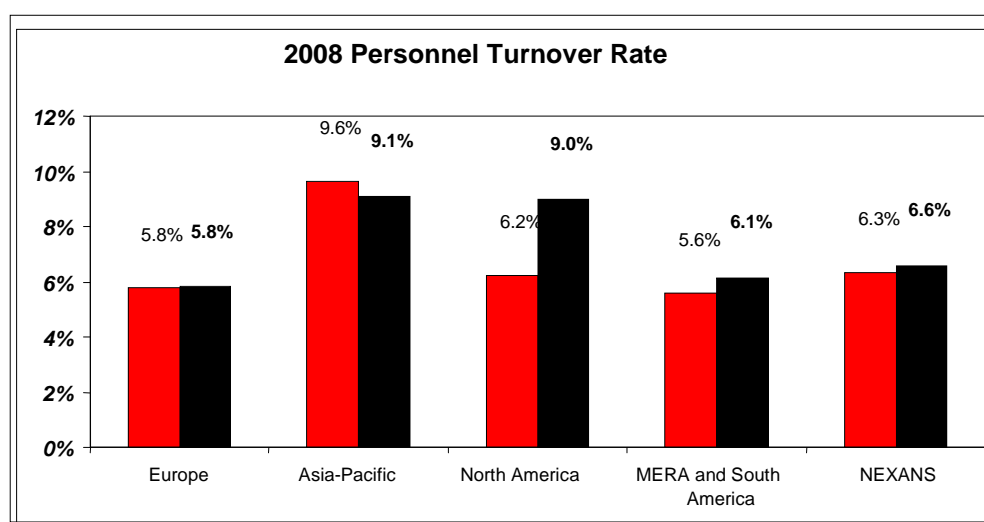
Personnel Changes By Geographic Area

	Europe	Asia and the Pacific	North America	South America	MERA	TOTAL
Natural departures	-810	-218	-140	-57	-163	-1,388
Restructuring	-163	0	0	-6	-5	-174
New hires	992	404	115	58	209	1,778
Change in scope	-220	0	0	2,036	0	1,816
Transfers	-3	0	3	0	0	0
TOTAL	-204	186	-22	2,031	41	2,032

*Figures exclude the **automotive** harness business but include Madeco and Intercond*

The reduction in activities in certain areas (particularly building) and the recruitment difficulty encountered in certain particularly tight markets, explain the reduction in the number of new hires in 2008 in comparison with 2007 (-373).

The personnel turnover rate within Nexans (excluding all sales, acquisitions, or plant shutdowns) increased slightly in 2008 due to the large number of terminations through natural departures in North America. By contrast, it was stable in Europe.



*Personnel Turnover Rate = Number of terminations through natural departures excluding retirements/Average staffing level *100*

*Figures excluding the **automotive** harness business, Madeco **scope of consolidation** and Intercond*

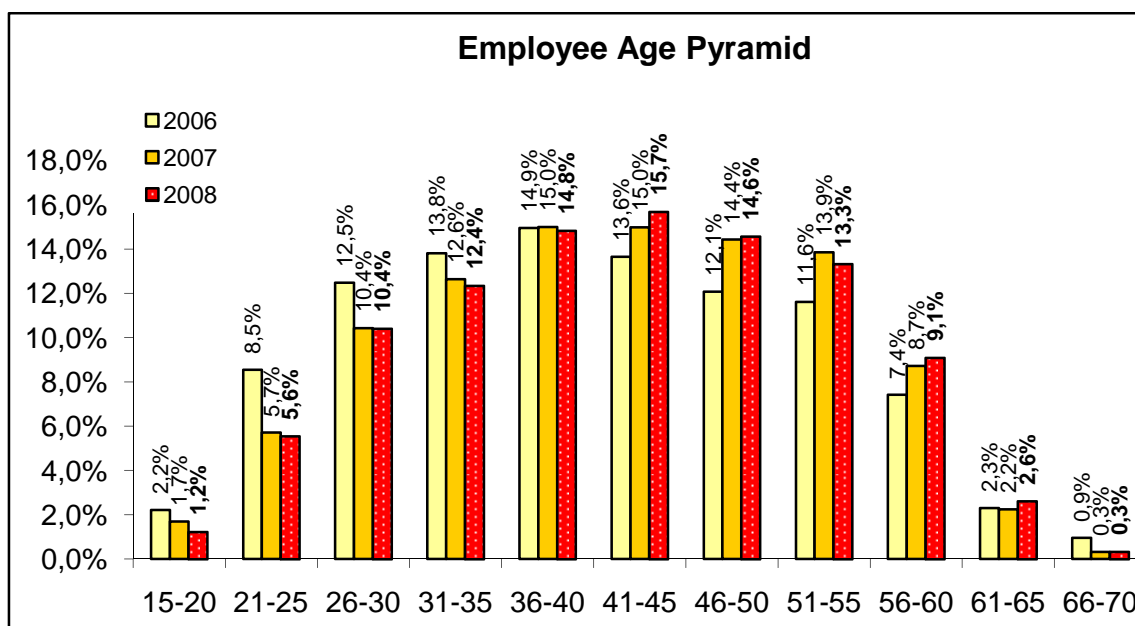
Global Mobility

The Group offers numerous opportunities for global mobility.

A mobility charter assures equal treatment among all Group expatriates, whatever their country of origin. Furthermore, studies into social security and tax charges are systematically performed to reduce costs for the Group.

Nexans continues to support global mobility as a way of transferring expertise, enhancing employees' personal and professional development, encouraging growth, and conveying the Group's corporate culture throughout the world. Global mobility shall continue to be encouraged by Nexans.

Employee Age Pyramid



Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

In 2008, the average age of Nexans' employees was 42.1, as compared with 41.3 in 2007.

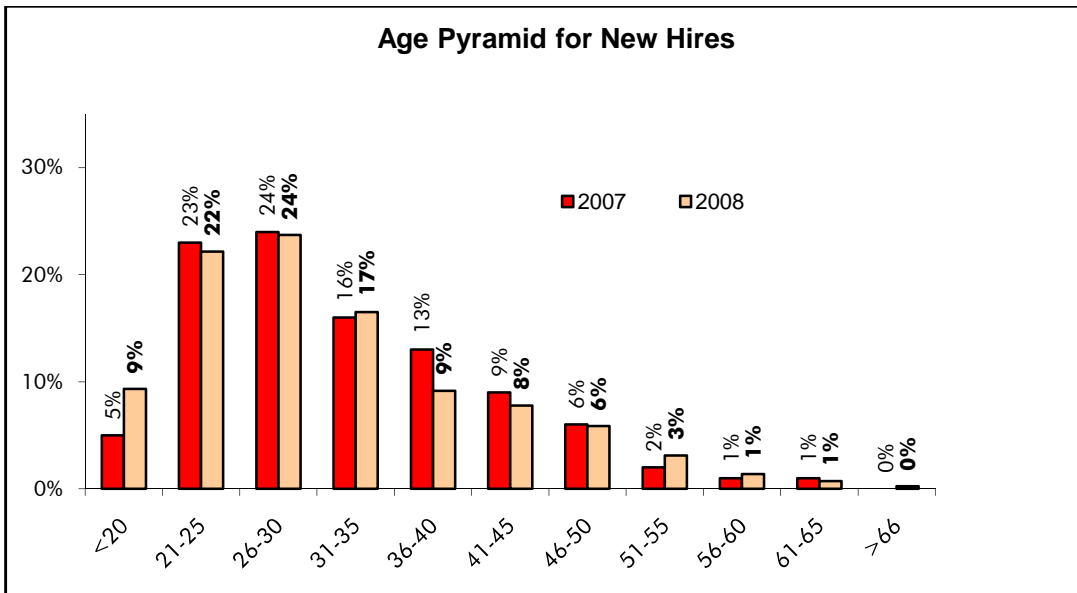
Average age of employees by geographic area:

	2008	2007
Europe	43.1	42.1
Asia-Pacific	38.4	38.0
North America	45.7	44.8
MERA and South America	39.2	38.2

The Group age pyramid shows situations that vary from one area to another. It highlights the demographic challenges currently faced by the Group:

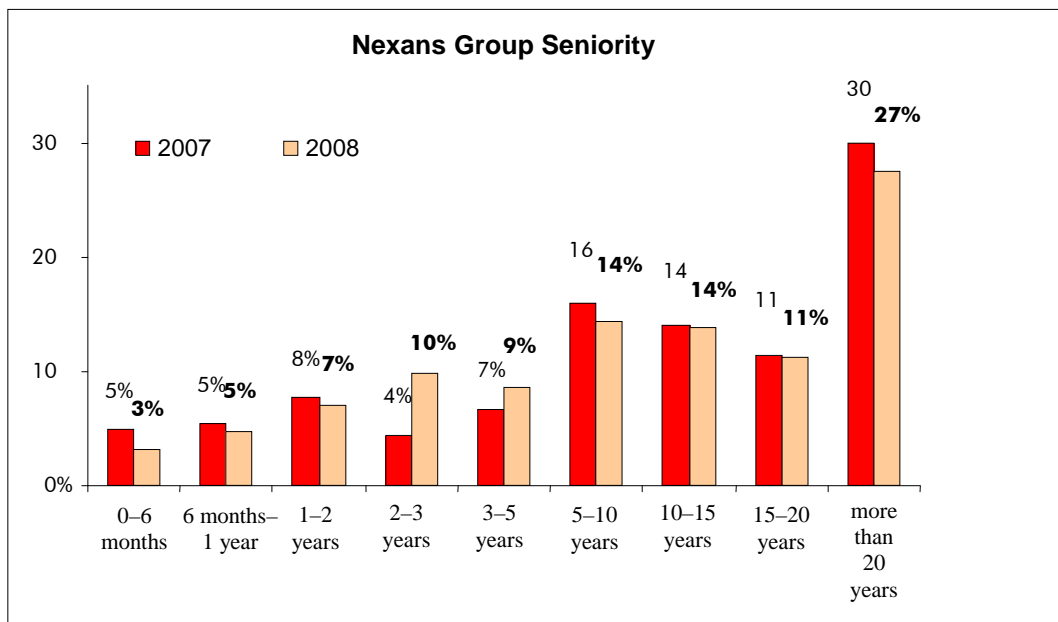
- in Europe and in North America, the population is aging. To meet the demands of its strategic plan, the Group will have to deal with a change in generations which shall entail significant recruitment. Recruitment policies have been put in place and significant efforts have been made to attract young talent. The Group is stepping up external communications with regard to the businesses and career opportunities offered by the Group, through frequent participation in student forums;
- in other geographic areas, the teams are younger, but Nexans must nonetheless face up to increasingly tight labor markets in its quest to hire qualified personnel.

In 2008, the average age of new entrants was 31.5 years of age, and 55% of them were under 30 years of age.



Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

Seniority

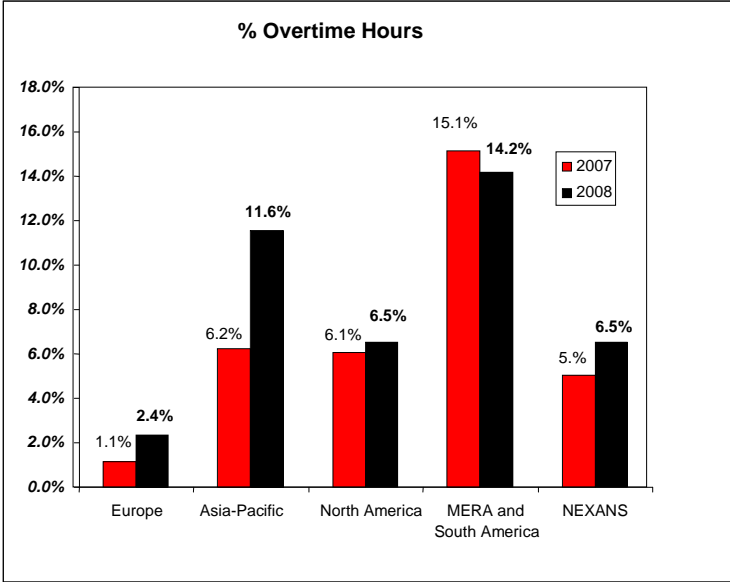


Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

In 2008, as in 2007, average length of service was approximately 13 years. This reflects employees' strong loyalty to Nexans, and makes it possible to develop and retain a high level of expertise within the enterprise.

In certain countries the average was high: for example, in France (16.8 years), in Germany (16.6 years), or in Lebanon (16.4 years). This loyalty is one of the Group's key values.

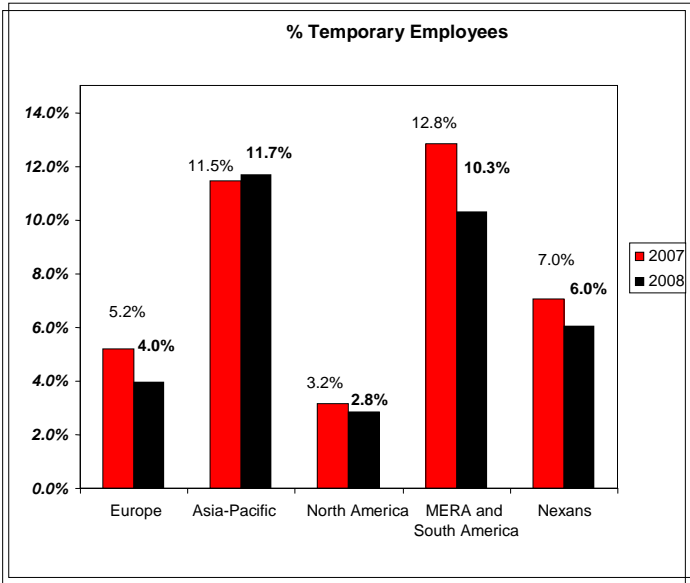
Overtime and Contracted Labor in the Group



() % overtime = number of overtime hours/number of actual hours of work. The definition of overtime hours is that determined by the legislation of each country, within the framework of the legal number of working hours. Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond*

Overtime and contracted labor are two methods used for matching workforce to production cycles and coping with workload peaks. In 2008, overtime represented 6.4% of total hours worked (excluding the harness business), as compared with 5.0% in 2007.

As at the end of 2008, due to a decrease in activity at plants in the last quarter, temporary personnel represented 6% of the total staffing level, as compared with 7% in 2007.



Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

16.2.2 Restructuring

In its restructuring plans, Nexans is particularly attentive to dialogue with employee representative bodies. Measures are in place to keep lay-offs to a minimum and, as far as possible, ensure that employees are redeployed to other Group subsidiaries and/or establishments. These measures are instigated in accordance with legislation in the countries concerned.

Aside from the aforementioned measures, the Group is also putting anticipatory measures in place to help employees to increase and develop their employability and maximize their redeployment potential.

In 2008, the Group had to initiate restructuring that resulted in the loss of 174 jobs, specifically due to the closure of the low voltage cable plant in Athlone, Ireland, and due to the reduction in staffing levels at Vacha, Germany.

16.2.3 Working Time

Working Hours by Geographic Area/Part-Time Work

The work of personnel within the Group is organized within the framework of legal and contractual working hours and varies from one country to another. Working hours that are less than the working hours in effect at a facility are considered to be part-time.

The number of part-time job positions is as follows:

	Part-Time Staffing Levels	
	2008	2007
Europe	383	381
Asia-Pacific	48	52
North America	2	7
MERA and South America	0	0
Nexans	433	440

Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

Fixed-Term Employment Positions /Permanent Employment Positions

	2008		2007	
	Permanent	Fixed-term	Permanent	Fixed-term
Europe	97%	3%	94%	6%
Asia-Pacific	75%	25%	73%	27%
North America	100%	0%	99%	1%
MERA and South America	99%	1%	99%	1%

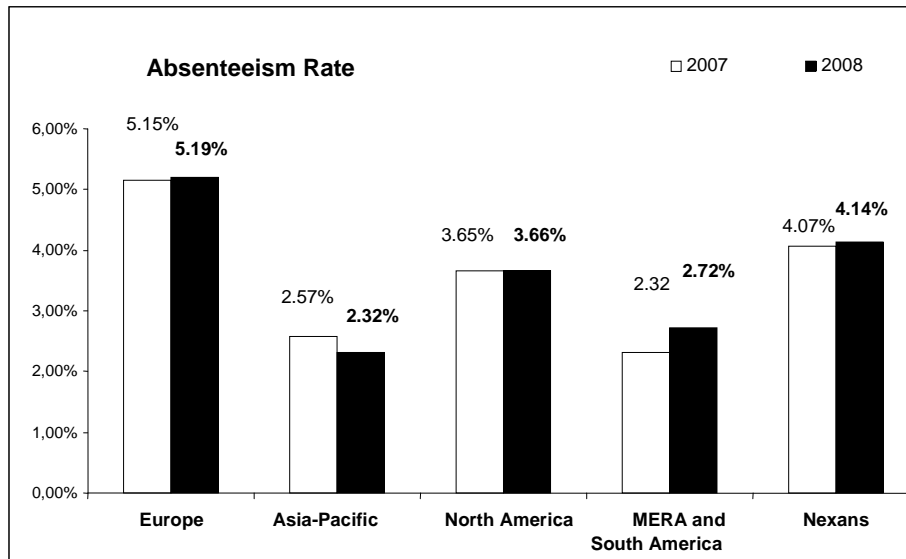
Nexans	95%	5%	92%	8%
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Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

The percentage of staff that has fixed-term employment positions went from 8% in 2007 to 5% in 2008. This decrease corresponds to the reduction by 419 of the number of fixed-term contracts of which 186 have been transformed into a Permanent Employment Position.

The number of staff with permanent employment positions increased in all areas, with the exception of the MERA Area and South America, where it remained unchanged.

Absenteeism

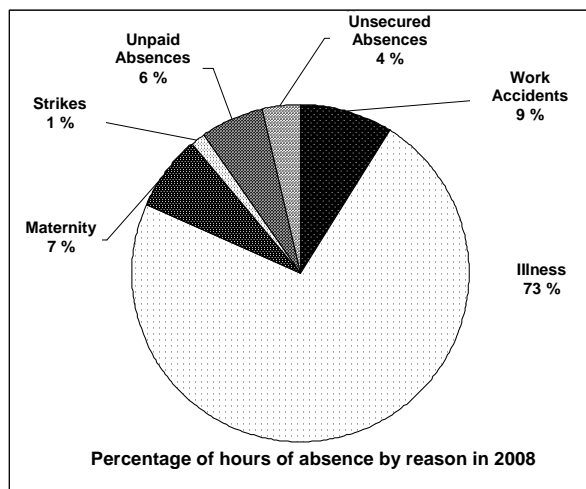


Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

The rate of absenteeism is defined as the number of hours of absence, divided by the theoretical number of hours worked.

In 2008, the absenteeism rate was stable overall in comparison with 2007, at slightly more than 4%.

The breakdown of reasons for absence is provided below. Illness remains one of the main causes of absenteeism within Nexans, accounting for 73% of hours of absence.



Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

16.2.4 Compensation

Compensation and Benefits

To build employee commitment, an attractive, coherent compensation policy is needed for all employees.

Nexans has established such a policy in a spirit of transparency and fairness while taking into account the local conditions at each site.

Nexans also attaches great importance to offering all its employees compensation that is in line with market practices, and for this purpose utilizes specific compensation surveys. For management and supervisory personnel (Engineers and Managers), compensation includes a fixed portion and a variable portion that may represent from 2.5% to 30% of the fixed salary according to the level of responsibility. The variable portion is linked to the achievement of qualitative and quantitative objectives defined at the beginning of the year.

In 2008, a bonus was granted to approximately 94% of total management staff, with the implementation of an annual performance interview throughout the world.

Nexans regularly offers its employees the opportunity to purchase Group shares under preferential terms pursuant to increases in the share capital reserved for employees. In 2008, for the third time since its initial listing on the stock exchange, Nexans offered its employees the opportunity to become shareholders in their Group, so that once again as many employees as possible could share in the company's profits. Employees' stake in the share capital represented 1.4% of the share capital as at 31 December 2008 (93% of which was through FCPEs).

Employees in France also benefit from company profit sharing and an annual collective profit-sharing linked to performance and the achievement of collective results. The amount of 2007 profit-sharing paid in 2008 was 7.6 million euros and benefited 3,656 employees. The amount of the 2007 collective profit-sharing paid in 2008 was 834,078 euros and benefited 384 employees.

16.2.5 Labor Relations

An Open and Active Social Dialogue

Labor relations in the Group are based upon respect and dialogue. In this spirit, labor unions and the company management meet regularly to have exchanges, negotiate, and adopt agreements.

At the European level, there is a European Committee chaired by the Chairman and Chief Executive Officer of Nexans, consisting of representatives of the Group's executive management team, and employee representatives who are designated by labor organizations according to the provisions applicable in each country. It meets twice a year and addresses the Group's strategic orientations and business and financial situation.

Lastly, Nexans has signed more than sixty agreements with unions in 13 countries regarding numerous issues pertaining to salaries and other types of compensation.

The main agreements signed in 2008 were:

In Asia-Pacific

- Korea: agreements on salary increases and an agreement on the collective bargaining processes;
- New Zealand: salary agreements.

In the MERA Area and South America

- Brazil: salary agreements;
- Morocco: agreements on the reevaluation of salaries and on the budget and program for social and cultural activities.

In Europe

- Norway: agreements on salary increases;
- France: Job and Career Planning Management (GPEC) agreement;
- Benelux: agreements on bonus payments, vacation leave, and job classifications.

In North America

- Canada: salary agreements.

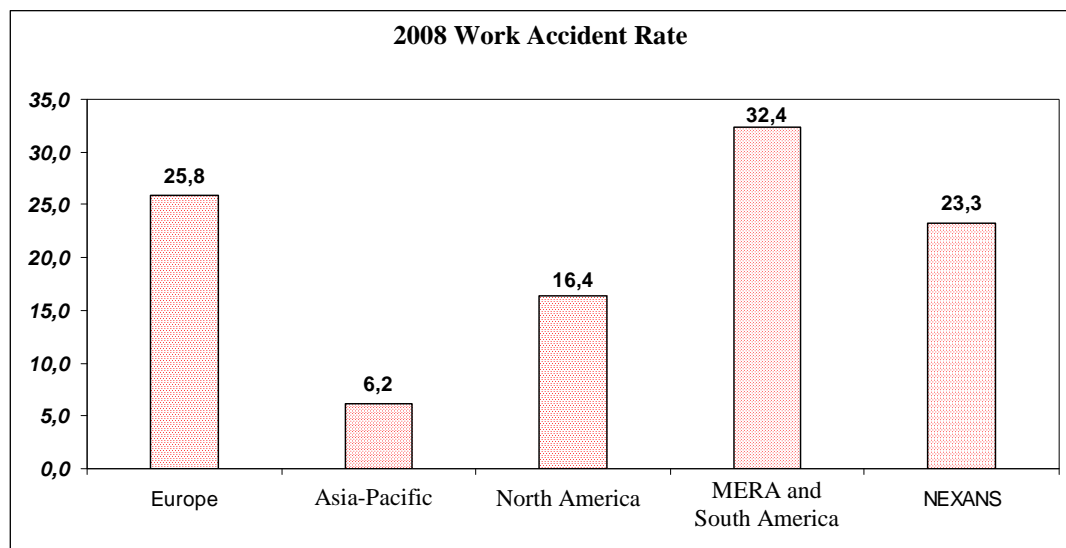
The countries in which a collective bargaining agreement covers all or some of the employees are as follows: Switzerland, France, Germany, Spain, Italy, Sweden, Benelux, Korea, New Zealand, Australia, Brazil, Morocco, and the United States, and Canada.

In 2008, the sites covered by a collective bargaining agent employed approximately 13,000 personnel.

16.2.6 Health and Safety

Nexans' occupational health and safety policy is organized around two main objectives: ensuring the protection of health and improving the safety of employees at their work sites. Nexans' commitment to working conditions and safety was actively pursued throughout the year in order to achieve a work accident rate in 2008 of 23.3 (for accidents involving sick leave exceeding 24 hours).

The Group has indicated its intention to reduce accidents by hiring a safety specialist to implement best practices at all sites and by involving all levels of the organization in its actions and programs.



*Work Accident Rate = Total number of work accidents involving sick leave in excess of 24 hours/Total number of hours worked * 1,000,000*

Figures exclude the automotive harness business, Madeco scope of consolidation, and Intercond

In 2008, 28 sites were accident-free, as compared with 11 sites in 2007. Local action was taken to further improve the level of safety, including:

- in France, enhancement of prevention and safety awareness programs: Operation 3A “Act Before an Accident”;
- in Brazil, the establishment of a gymnastics program in production units (Program of Compensatory Gymnastics).

The determination to improve working conditions and prevent workplace accidents also resulted in occupational Health and Safety training, monthly meetings to monitor the risks and the programs established and lists of occupational health and safety recommendations (compliance with safety regulations, wearing individual protective equipment, etc.).

16.2.7 Training

Nexans University:

In 2008, Nexans continued its training efforts using Nexans University, whose role is first and foremost to develop the employee potential, propagate best practices, and promote knowledge management through training or training-related activities.

Nexans University presently has 11 Academies consisting of the following functional or technical divisions: Human Resources, Finance, Communications, Information Systems, Legal Services, Logistics, Purchasing, Marketing, Research and Development, Industry, Cash Management, and Metals, which make it possible to increase the involvement of personnel within the organization.

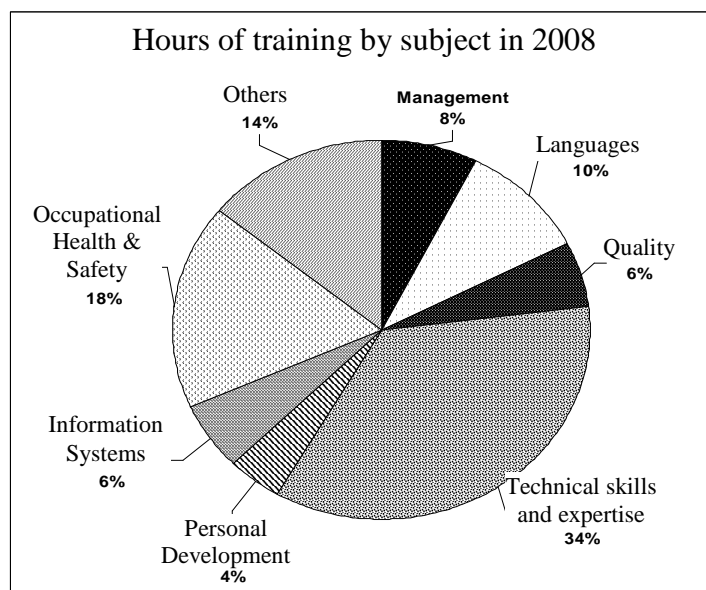
Training Program:

In 2008, the total number of hours devoted to training (in the work place or outside the company), was 269,400 hours. The number of personnel who attended at least one training course during the year 2008 was 9,255 personnel, average training time was therefore approximately 29 hours per person trained.

The Group attaches great importance to reconciling its needs and requirements with the individual aspirations of its employees. Training needs and requirements are determined by facilities based upon strategic orientations and the industrial plans generated pursuant to those orientations.

Worker training regularly covers occupational health and safety.

In 2008, emphasis was placed on training in the technical skills and expertise necessary for job positions, which represents 34% of training hours.



16.2.8 Career Development

Within the framework of a worldwide approach, the Group is attentive to changes in the social environment and specifically:

- the new realities of the job market: a consequence of globalization, the rarity of certain talents, the change in generations;
- New rules for the retention and motivation of employees.

To respond to these changes, which constitute a significant challenge for Nexans, the Group established the following components and actions:

- the Succession Plan (SPID: Succession Planning and Individual Development), which is a process to identify successors to key positions in the Group, with an approach which is differentiated by country;
- the identification of experts in the Group, with the construction of a program for the transfer of knowledge through Nexans University;
- the Careers Committee, which brings together members of the Executive Committee every month to address the issues of appointments, successions, identification of talents, and monitoring of expatriates;
- the “Management Competency Model,” which indicates what is expected from the Group’s principal managers. The Company evaluates their skills and expertise in terms of: operational excellence, sense of responsibility, “market/customer” orientation, decision-making aptitude and, lastly, team work in an international environment;
- lastly, Nexans remains attentive to developments in the enterprise’s various professional and occupational areas. The objective is to develop and enhance on an ongoing basis the skills and qualifications of employees in the professional and occupational areas where they are employed. In 2008, the production, purchasing, research and development, and sales and marketing functions were the subject of an analysis of this issue. The Group’s common job skill and qualification standards and requirements for each country. Implementation of this approach was initiated in 2009 for all production job classifications.

16.2.9 Disabled Employees

Throughout the world, the Group directly employed 333 disabled persons in 2008.

The term disabled personnel is defined by the legislation of each country, this legislation is more voluntary in Europe.

In 22 countries in which a survey was conducted in this area, the obligations to be complied with vary considerably: some countries mandate no requirements (Switzerland, Russia), others require meeting a percentage of staffing levels that vary from 2% in Spain to 7% in Italy. However, because Nexans’ activities comprise a particularly heavy manufacturing component, there may be a discrepancy between the legal minimum and the actual number of disabled

persons employed at the plants. A number of action plans have been set up to help plants in various countries comply with local requirements.

16.2.10 Community Activities

In the great majority of the countries where it has a presence, Nexans contributes financially in the activities of sports, educational, cultural, and charitable associations.

The amounts allocated to the social area are a function of the legislative and cultural background of each country.

For example, social programs were conducted:

- in Brazil and Greece: education, medical services;
- in Lebanon and the Benelux: sports or leisure associations;
- in China: humanitarian associations (natural catastrophes);
- in Australia: "Olex Spirit," childhood and education support program;
- in Canada: charitable associations.

11 February 2009,

The Board of Directors

Represented by Gérard Hauser, Chairman and Chief Executive Officer

Annex 1

Company Financial Results for the last five fiscal years

TYPE OF INDICATION	2008	2007	2006	2005	2004
I- Share Capital at the end of the fiscal year					
a) Share Capital (in thousands of euros)	27,936	25,678	25,265	23,507	23,190
b) Number of shares issued	27,936,953	25,678,355	25,264,955	23,507,322	23,189,947
II- Fiscal Year Activity and Income (in thousands of euros)					
a) Sales before taxes	18,262	13,263	13,061	10,809	10,265
b) Income before taxes, employee profit-sharing, depreciation, amortization, and provisions	106,864	92,939	134,305	44,704	-8,067
c) Income Taxes	3,199	672	-249	249	169
d) Employee profit-sharing due during the fiscal year	124	74	152	117	124
e) Income after tax, employee profit-sharing, depreciation, amortization, and provisions	94,461	110,031	88,095	43,228	-12,231
f) Dividends		50,744	31,648	21,662	10,568
III- Income per share (in euros)					
a) Income after tax and employee profit-sharing, but before depreciation, amortization, and provisions	3.71	3.59	5.32	1.90	-0.35
b) Income after tax and employee profit-sharing, depreciation, amortization, and provisions	3.38	4.28	3.49	1.84	-0.53
c) Dividend per share	-	2.00	1.20	1.00	0.50
IV- Personnel					
a) Average staffing levels for employees during the fiscal year (in numbers of employees)	6	6	6	7	7
b) Total fiscal year payroll (in thousands of euros)	4,719	3,351	3,556	3,401	2,947
c) Total amount paid for employee benefits during the fiscal year (in thousands of euros)	1,573	1,117	1,185	1,134	973

Annex 2

Summary of outstanding authorizations to increase the company's share capital and their use during fiscal year 2008

Resolutions Submitted to the Shareholders' Meeting of 10 April 2008 ⁽¹⁾	Limit For Each Resolution ⁽²⁾	Limit applicable to several resolutions ⁽²⁾	Use during Fiscal Year 2008
Issue of shares with preferential subscription rights (R12) with a possible over-allotment option in case of success (R14)	10,000,000 €	10,000,000 €	/
Issue of convertible bonds, bonds redeemable for shares, bonds with warrants attached, and OCEANE bonds without preferential subscription rights (R13) with a possible over-allotment option in case of success (R14)	Shares 3,800,000 € (< 15% of the share capital) Debt Instruments 400,000,000 €		/
Issue of shares as payment for contributed securities (R15)	10% of the share capital		Issue of 2.5 million shares as compensation for Madeco's contribution of shares, decided by the Board of Directors at its meeting on 30 September 2008
Issue of shares by way of incorporation of premiums, reserves, or benefits (R16)	10,000,000 €		/
Issue of securities giving access to the share capital for participants in employee savings plans (R17)	400,000 €		/
Allocation of stock options (R18)	400,000 €	500,000 € (approximately 2% of the share capital)	312,450 stock options allocated by the Board at its meeting on 25 November 2008
Allocation free of charge of existing shares or shares to be issued (R19)	250,000 €		
		Overall Limit of 20,900,000 €	

(1) The abbreviation "R..." indicates the number of the resolution submitted to the Shareholders' Meeting of 10 April 2008.

(2) The nominal maximum amount of increases in the share capital that can be executed represents the maximum number of shares that can be issued, to the extent that the nominal value of one Company share is equal to one euro.

Comments (utilization at the beginning of 2008 of authorizations by the Shareholders' Meeting of 10 May 2007):

- as a result of the postponement of execution of the increase in the share capital reserved for participants in employee savings plans on the basis of the authorization by the Shareholders' Meeting of 10 May 2007 and in compliance with the Board of Directors decisions of 24 July 2007 and 22 February 2008, the Chairman of the Board of Directors on 28 March 2008 recorded the issuance of 91,525 new shares to the benefit of participants in employee savings plans.
- as a result of postponement of the 2007 annual allocation due to the Madeco transaction, 306,650 stock options were allocated by the Board at its meeting on 22 February 2008 on the basis of the authorization by the Shareholders' Meeting of 10 May 2007.