



Financial and Legal Information

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COB

Pursuant to regulation No. 98-01, the Commission des Opérations de Bourse has registered this document, which is issued in two booklets (1. The Group ; 2. Financial and legal information), on May 16, 2002 under No. R 02-109.

It cannot be used for a financial transaction, unless completed by a transaction note approved by the Commission des Opérations de Bourse. This reference document has been prepared by the issuer and the signatories thereof assume all responsibility therefor.

This registration which has been given after consideration of the relevance and clarity of the information provided on the company, does not signify that the accounting and financial information has been certified.*

* Free translation from the original French version of the COB certificate.

Extract from the management statement presented by the Board of Directors to the Annual Shareholders' Meeting

The purpose of this report is to present the income and activity of the Nexans Group and its parent company during the financial year ended December 31, 2001. It is based on the parent company financial statements and consolidated financial statements for the year ended December 31, 2001.

1 OPERATIONS DURING 2001

1.1 NEXANS (GROUP PARENT COMPANY)

The main event of the year was Alcatel's stock market flotation of 80% of the company's share capital *via* an IPO which took place on June 13, 2001. Nexans is listed on the *Premier Marché* of the Paris Stock Exchange and is part of Euronext's SBF 120 index.

In addition to its role as the Group's holding company, Nexans also fulfils financing and centralized cash management functions in support of the Group's operations.

Nexans has signed a contract with all Group companies covering the sharing of research and development expenses. Pursuant to this contract, Nexans, on behalf of the Group, collects royalty payments from Group companies and redistributes these payments among Group subsidiaries through the implementation of R&D programs of collective importance for the Group.

Furthermore, at its meeting on September 27, 2001 the Board of Directors of Nexans authorized a share buyback program representing a maximum of 10% of the share capital in order to optimize the management of shareholders' equity for the benefit of shareholders.

This program was implemented during the fourth quarter of the year and resulted in the buyback of 1,990,031 shares, representing 7.96% of the issued share capital, for a value of approximately 33 million euros.

1.2 INCOME AND ACTIVITY OF NEXANS, ITS SUBSIDIARIES AND CONTROLLED COMPANIES

1.2.1 Income of Nexans

Income from operations for the year ended December 31, 2001 amounted to 6,755,718 euros and was derived mainly from services invoiced to Group subsidiaries.

Net income for the year was 60,104,873 euros, as compared to 27,769,690 euros in the previous year, and was made up mainly of financial income of 64,807,296 euros, derived mainly from dividends paid by Nexans France and Nexans Participations.

Corporate income tax for the fiscal year totaled 293,475 euros. Shareholders' equity totaled 1,136,912,171 euros, as compared to 1,096,807,317 euros in the previous year.

1.2.2 Income of Nexans, its subsidiaries and controlled companies

Energy

Energy Division sales advanced steadily throughout the year, reaching 2.189 billion euros (an increase of 6.2% compared with 2000, and of 3.7% on a comparable basis).

In the field of land-based infrastructures, Nexans reaped the benefits of buoyant demand in both Europe and North America, markets which saw growth in investments for modernizing, improving and extending low- and medium-voltage networks. Business in the submarine cable sector was significantly impacted by the completion of the Scotland-Ireland link and strong growth in the market for umbilical cables.

In low-voltage cables for the building sector, business held up well overall in volume terms, although the trends varied widely in different markets—market conditions were difficult in France and Germany, while demand was strong in Scandinavia and Canada.

Falling demand in Germany, due to the economic recession, meant that the Industrial Applications Division was unable to achieve its sales growth targets despite a number of major export deals in oil- and shipbuilding-related sectors. By contrast, the health of the top-of-the-range automotive sector in Germany boosted sales of cable harnesses.

Income from operations amounted to 80 million euros at December 31, 2001, an increase of 25% compared with 2000. This performance reflects both the growth of the market and the restructuring measures undertaken in recent years—particularly in the high-voltage sector, which is operating at a profit once again.

Telecom

Sales in the Telecom Division fell by 4.7% to 835 million euros (a decline of 7.5% in like-for-like terms compared with 2000).

Performance in this sector in 2001 fluctuated significantly, showing strongly divergent trends in the two halves of the year: sales increased by 8% during the first six months—only to fall back by 16% in the second half of the year. Sales were impacted in particular by a sharp decline in orders in the fourth quarter in public networks and special cables for telecom equipment manufacturers.

In public network cables, during the first part of the year, Nexans enjoyed a very high level of demand for copper cables and optical fiber cables—to the extent that production capacity was fully utilized. The first signs of the decline became apparent during the summer, when orders from telephone operators in Brazil came to a standstill, followed in September by a rescheduling of some investments in public networks by European operators, leading to a dramatic downturn in orders and in production, mainly affecting the copper cable plants. In response to this situation, the Division took very rapid measures to reduce production capacity (departure of temporary staff, early leave, temporary layoffs, voluntary resignations) halting production in certain sites.

In private network cables in the United States, the slowdown in the final quarter of 2000—caused by falling inventories and

the weakness of the building sector—gathered pace throughout 2001, causing sales levels to fall by around 30%. In Europe, the market remained weak with a further slowdown at the end of the year reflecting the decline in corporate IT investments. Very significant restructuring measures were rapidly implemented in the United States, and are currently under way in Europe.

In cables for industry, business was very buoyant in the aeronautics sector, although it dipped slightly from October 2001 onward. Sales remained steady in the oil, gas, seismic exploration and ADSL deployment sectors.

Income from operations totalled 30 million euros, a decline of 35% compared with operating income as at December 31, 2000. This trend reflects the weak performance of the private networks (LAN) business in the United States, and later—from the summer onward—in Europe. This was only partially offset by improved profitability in network cables, and in optical fiber cables in particular.

Electrical Wires

Sales in the Electrical Wires Division remained stable in 2001, at 1.102 billion euros. However, this stability conceals a decrease in business as the sales figure needs to be adjusted to reflect the decline in towing services.

The Division suffered the impact of the unprecedented decline in its markets in the winding wires sector, with decreases of 8% in Europe, 15% in the United States and 25% in North Asia.

Sales remained stable in the wirerod sector. The Group prioritized internal sales in order to ensure optimum capacity usage.

The electrical wires segment suffered a significant decrease in volumes (–10%), in large part due to the decline in orders from telecom equipment manufacturers.

Income from operations dropped by 65% to 15 million euros. This decrease mainly reflects the decline in volumes in the winding wires business and falling prices—especially in the United States.

Distribution

Sales in the Distribution Division reached 340 million euros (an increase of 4% over 2000) with income from operations of 17 million euros (42% higher than in 2000). This excellent performance is due on the one hand to steady business levels in Switzerland, and on the other hand to the rapid turnaround of the subsidiary in Norway, bringing about a substantial reduction in organizational costs.

2 PROGRESS MADE AND DIFFICULTIES ENCOUNTERED

Progress was made by the launch by the Group of "Program +", a program designed to improve industrial performance and reduce manufacturing costs.

This program, which is sponsored by the management, is to be deployed in all sites.

After a test period at the end of 2000, it was deployed in 14 sites and resulted in a significant reduction in manufacturing waste. Its impact was more restricted than had been anticipated due to the sharp decline in capacity usage in some units. However, its roll-out will be continued in 2002 because it has demonstrated its effectiveness in improving manufacturing processes and its ability to generate significant savings for the Group.

As part of the improvement in industrial processes outlined above and the drive to reduce Nexans' debt burden, a major initiative was launched targeting more efficient stock management and a significant reduction in the levels of stock carried. The substantial reduction achieved at the end of 2001, primarily in response to the deterioration in the economic environment, demonstrated the Group's ability to react fast as well as its employees' commitment to the initiative.

Following its successful implementation in Belgium and Norway, the SAP cable solution was introduced in the United States at the New Holland and Fuquay-Varina sites and work has begun at Nexans France (where it will come onstream in 2002). This standardized management system for all Nexans plants will ensure the fully integrated management of all operations.

Nexans continued to develop its e.service capability during 2001. Efforts were focused on developing a shared IT platform and on rolling out this system in Switzerland and Sweden. The system allows the Group to present its product catalogue, provide quotations and monitor orders online. It is currently being extended to cover six more European countries and Canada.

The current challenges facing Nexans are those relating to the rapid deterioration in its markets during the second half of the year. In many of the Group's fields of activity, this situation led to a significant decline in capacity usage. This resulted in falling productivity and prompted measures to reduce production capacity.

3 RESEARCH AND DEVELOPMENT

Nexans pursues an active research and development strategy targeted at developing new products and improving the quality and control of manufacturing processes with the goal of maintaining and expanding the Group's position in the marketplace. In 2001, the Group allocated 49.7 million euros—just over 1% of net sales—to its research and development programs, as compared with 38.5 million euros (less than 1% of net sales) in 2000. Nexans' R&D teams—some 450 people in all—are dedicated to long-term fundamental research, to the creation and approval of new products and systems as well as to reducing costs for existing products. In all, these teams have filed some 48 patents across the Group's various fields of activity.

Key events in 2001 include the creation of the Nexans Research Center (NRC) in Lyons, which went into operation early in 2002. This facility brings together more than thirty international researchers and postgraduates and is primarily dedicated to specialist research into polymer materials and their applications across the full range of Nexans products and processes: in energy and telecom cables and winding wires. More specifically, the NRC will also be devoting a major effort to research in plastic optical fibers (POF).

4 OUTLOOK

In the Energy Division, business looks set to remain stable in 2002, with some improvement expected in the second half of the year, driven mainly by investments in energy transport networks. Within this context, the turnaround of Nexans' business in Italy should help to maintain or possibly improve the Group's profitability in this field.

In the Telecom sector, market conditions will continue to be extremely difficult, at least during the first half of the year, and especially in public network cables. However, sales should be sustained partially by the ongoing deployment of ADSL in Europe, with continuing growth in demand for bandwidth, and by the development of business relating to oil exploration. Overall, this division is likely to have negative income from operations during the first half of 2002.

Moreover, even if there is no recovery in cables for private networks, in 2002 Nexans will benefit from the restructuring measures undertaken in the United States, which have brought about a significant reduction in the breakeven point for this business.

In the Electrical wires sector, demand for wirerods should not see any slowdown. The markets for electrical wires and winding wires may see an improvement in the second half of the year.

Based on these premises, sales should remain more or less stable. In the absence of an improvement in the economic environment, income from operations will probably be lower than in 2001, and as a result, net income may well be negative after restructuring provisions are taken into account.

In terms of its overall strategy, Nexans continues to pursue its ambition of being a global player in the cables industry with a balanced portfolio of products and geographic spread of

business, with its business in the United States representing a source of long-term growth. In order to achieve this goal, Nexans will continue to prioritize growth in the infrastructure markets and in specialty products.

However, current market conditions have led Nexans to delay to 2004 its objective of achieving an operating margin of 5% of sales with a return on capital employed of 16% to 20%.

5 SIGNIFICANT EVENTS OCCURRING SINCE THE END OF THE FINANCIAL YEAR

The economic environment continues to be difficult in 2002, and the turnaround of our loss-making businesses requires us to pursue our restructuring initiatives on a global scale: further restructuring plans are being drawn up in a number of countries. These plans will probably affect around 1,000 employees and will represent a total expense of around 120 million euros for 2002 and 2003 combined—comprising 80 million euros in disbursements and 40 million euros in depreciation of plant and equipment.

6 SIGNIFICANT ACQUISITIONS DURING THE FINANCIAL YEAR

During 2001, Nexans took control of the South Korean company, Daesung, which has since changed its name into Nexans Korea. Nexans holds 51% of the share capital of this company, which is listed on the South Korean Stock Exchange and has annual sales in excess of 100 million euros.

As at December 31, 2001, Nexans held 99.99% of Nexans Participations and 99.99% of Nexans France.

7 PROPOSED APPROPRIATION OF INCOME

The Annual General Meeting will be invited to approve the appropriation of net income for the year, totaling 60,104,873 euros, as follows:

– Prior year's retained earnings	6,379,502	euros
– Net income for the year	60,104,873	euros
– Appropriation to legal reserve	(912,601)	euros
Total distributable profit	65,571,774	euros

Appropriation of income

– Distribution of dividends (at 0.43 euro per share)	9,942,232.96	euros
– Retained earnings after appropriation	55,629,541.04	euros
Total	65,571,774.00	euros

A tax credit of 0.215 euro per share is attached to the dividend of 0.43 euro per share, for those shareholders eligible to receive it, bringing the total dividend per share to 0.645 euro. The net dividend of 0.43 euro will be paid on July 4, 2002.

The dividends and the corresponding tax credit paid out over the last three financial years, were as follows:

<i>(in euros)</i>	Net dividend	Tax credit	Gross dividend
1998	0.0	0.0	0.0
1999	0.0	0.0	0.0
2000	0.8	0.4	1.2

No dividends were paid out in 1996 and 1997.

Non tax-deductible expenses

Appended to the present report, in accordance with the provisions of article 148 of the decree of March 23, 1967, is a table presenting the company's income for the five previous financial years.

In accordance with article 223 of the French Tax Code, no non-tax deductible expenses, as governed by article 39 of the French Tax Code, were incurred during fiscal year 2001.

8 BOARD OF DIRECTORS

In 2001, the gross remuneration paid to the Chairman, before tax and including benefits, was 819,277.98 euros, plus 55,000 stock options. The members of the Board of Directors were granted Directors' fees in respect of their duties on the Board of Directors, the Accounts Committee and the Remuneration Committee. Directors' fees paid in 2001 were as follows: Georges Chodron de Courcel, Patrick Puy, Ervin Rosenberg and Jean-Louis Vinciguerra received 23,000 euros; Gérard Hauser and Bertrand Durrande received 20,000 euros; Gianpaolo Caccini and Robert Mahler received 18,000 euros; Jacques Garaïalde received 14,000 euros.

These Directors' fees were paid to the members of the Board of Directors on January 29, 2002.

9 INFORMATION ON SHARE OWNERSHIP AND TREASURY STOCK

To the company's knowledge, the shareholders holding more than 5% of the company's share capital at December 31, 2001 were as follows:

Shareholders	% of share capital at December 31, 2001
Alcatel	20.00
K Capital Partners	5.07
Voltaire Fund	5.02
Treasury stock	7.96

For information purposes, following the increase in share capital reserved for employees, employee share ownership now stands at 0.5% of the share capital.

Each share carries a single voting right, with a ceiling of 8% of the votes cast at any General Meeting of Shareholders.

10 SHARE BUYBACK PROGRAM

In accordance with the authorization granted by the Annual Ordinary and Extraordinary Meeting of Shareholders on April 2, 2001, and transaction note No. 01-773 issued by the *Commission des Opérations de Bourse* (the French stock market regulatory authority), Nexans launched a share buyback program pursuant to article L. 225-209 of the *Code de Commerce*, based on the decision of the Board of Directors dated September 27, 2001.

Pursuant to this program, Nexans purchased a total of 1,990,031 shares at an average price of 16.92 euros per share, for a total value of 33.7 million euros.

At December 31, 2001, the company held 1,990,031 of its own shares, representing 7.96% of the issued share capital.

On February 12, 2002, the Board of Directors decided to cancel all of the shares purchased under the buyback program, reducing the share capital to 23,009,969 euros divided into 23,009,969 shares with a par value of 1 euro each.

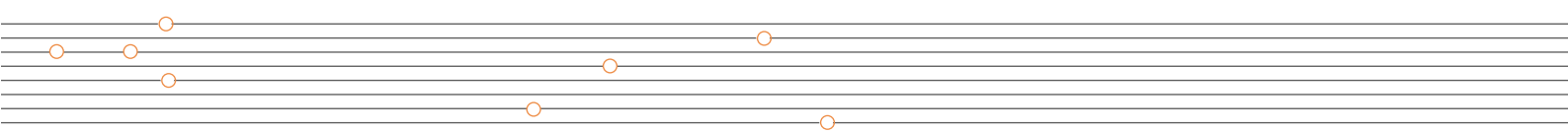
11 REPORT ON THE USE MADE OF AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL

Pursuant to the authorization granted by the General Annual Shareholders' Meeting on April 2, 2001, on November 16, 2001 the Board of Directors decided to increase the share capital by issuing new shares reserved to employees of Group companies belonging to a *Plan d'épargne entreprise* (Group savings plan). A total of 111,503 shares were subscribed for during the subscription period (March 14–28, 2002). The share capital was increased accordingly on April 17, 2002, thus increasing the issued share capital to 23,121,472 euros divided into 23,121,472 shares, with a par value of 1 euro each.

Pursuant to a further authorization also granted by the General Annual Shareholders' Meeting on April 2, 2001, the Board decided to adopt a stock option plan for the grant of options giving holders the right to subscribe to new shares in the company, issued by way of an increase in the company's share capital. The aim of this plan is to give managers and employees who play a key role—directly or indirectly—in the company's performance, a stake in improving the Group's profitability.

At December 31, 2001, 531,500 options to subscribe for Nexans shares had been granted under this plan. Each option gives the right to subscribe to one Nexans share.

The Board of Directors



Consolidated income statements

<i>in millions of euros</i>	Notes	2001	2000*	1999*
Net sales	(3)	4,777	4,783	4,182
Metal price effect		(310)	(422)	(33)
Net sales at constant metal price	(3)	4,467	4,361	4,149
Cost of sales		(3,833)	(3,714)	(3,520)
Gross profit		634	647	629
Administrative and selling expenses		(445)	(440)	(456)
R&D costs		(50)	(38)	(35)
Income from operations	(3)	139	169	138
Financial income (loss)	(4)	(33)	(20)	–
Restructuring costs	(18)	(36)	(30)	(60)
Other revenues (expenses)	(5)	3	1	80
Income before taxes		73	120	158
Income tax	(6)	(28)	(40)	(31)
Share in net income of equity affiliates		–	–	–
Consolidated net income before amortization of goodwill		45	80	127
Amortization of goodwill		(2)	–	–
Minority interests		13	5	6
Net income		30	75	121
Earnings per share (<i>in euros</i>)	(7)	1.22	3.00	4.84
Diluted earnings per share (<i>in euros</i>)	(7)	1.22	3.00	4.84

* Unaudited combined pro forma financial statements.

Consolidated balance sheets

in millions of euros

ASSETS at December 31	Notes	2001	2000*	1999*
Goodwill, net	(8)	38	–	–
Other intangible assets, net		6	5	4
Intangible assets, net		44	5	4
Property, plant and equipment	(9)	2,918	2,758	2,686
Depreciation	(9)	(1,997)	(1,932)	(1,938)
Property, plant and equipment, net		921	826	748
Share in net assets of equity affiliates		10	2	2
Other investments and miscellaneous, net	(10)	65	61	55
Investments and other non-current assets		75	63	57
TOTAL NON-CURRENT ASSETS, NET		1,040	894	809
Inventories and work in progress, net	(11)	637	704	623
Trade receivables and related accounts, net	(12)	861	1,005	817
Other accounts receivable, net	(13)	133	160	195
Accounts receivable, net		994	1,165	1,012
Marketable securities, net	(14)	87	4	6
Cash, net		190	125	492
Cash and cash equivalents		277	129	498
TOTAL CURRENT ASSETS		1,908	1,998	2,133
TOTAL ASSETS		2,948	2,892	2,942

* Unaudited combined pro forma financial statements.

in millions of euros

LIABILITIES AND EQUITY at December 31	Notes	2001	2000*	1999*
Capital stock (Euro 1 nominal value; 25,000,000 shares issued at December 31, 2001)		25	25	25
Additional paid-in capital		1,044	1,044	1,044
Retained earnings		(23)	(78)	(174)
Cumulative translation adjustments		53	45	(3)
Net income		30	75	121
Treasury stock		(33)	-	-
SHAREHOLDERS' EQUITY	(15)	1,096	1,111	1,013
MINORITY INTERESTS	(16)	104	49	84
Accrued pension and retirement obligations	(17)	257	259	263
Accrued contract costs and other reserves	(18)	157	181	257
TOTAL RESERVES FOR LIABILITIES AND CHARGES		414	440	520
TOTAL FINANCIAL DEBT	(19)	348	205	327
Customers' deposits and advances	(20)	48	32	32
Trade payables and related accounts		530	635	532
Other payables	(21)	408	420	434
TOTAL OTHER PAYABLES		986	1,087	998
TOTAL LIABILITIES AND EQUITY		2,948	2,892	2,942

* Unaudited combined pro forma financial statements.

Consolidated statements of cash flows

<i>in millions of euros</i>	2001	2000*	1999*
Net income	30	75	121
Minority interests	13	5	6
Depreciation and amortization	143	132	127
Changes in reserves for pension obligations, net	(2)	(7)	(15)
Changes in other reserves, net	(11)	(58)	(72)
Net (gain) loss on disposal of non-current assets	(3)	(1)	(37)
Share in net income of equity affiliates (net of dividends received)	-	-	3
Other	-	-	(8)
Cash flow provided by operations	170	146	125
Decrease (increase) in accounts receivable	204	(151)	50
Decrease (increase) in inventories	82	(71)	37
Increase (decrease) in accounts payable and accrued expenses	(163)	114	16
Changes in reserves on current assets (including accrued contract costs)	3	(7)	(26)
Net change in current assets and liabilities	126	(115)	77
Net cash provided (used) by operating activities	296	31	202
Proceeds from disposal of fixed assets	8	21	13
Capital expenditures	(203)	(239)	(143)
Decrease (increase) in loans	(17)	(1)	(2)
Cash expenditures for acquisition of consolidated companies, net of cash acquired, and for acquisition of unconsolidated companies**	(53)	(31)	(8)
Cash proceeds from sale of previously consolidated companies, net of cash sold, and from sale of unconsolidated companies	-	-	52
Net cash provided (used) by investing activities	(265)	(250)	(88)
Net cash flow after investment	31	(219)	114
Proceeds from issuance of shares	2	2	-
Dividends paid	(24)	(25)	(25)
Net cash provided (used) by financing activities	(22)	(23)	(25)
Net effect of exchange rate changes	(4)	(5)	(11)
Net increase (decrease) in net debt/cash	5	(247)	78
Net (debt)/cash at beginning of year	(76)	171	93
Net (debt)/cash at end of year	(71)	(76)	171

* Unaudited combined pro forma financial statements.

**Including in 2001, 33 millions of euros of treasury stock.

Consolidated statements of changes in shareholders' equity

<i>in millions of euros</i>	Number of shares outstanding	Capital stock	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Net income	Treasury stock	Shareholders' equity
Dec. 31, 2000 before appropriation	25,000,000	25	1,044	(78)	45	75	–	1,111
Appropriation of net income				55		(75)		(20)
Dec. 31, 2000 after appropriation	25,000,000	25	1,044	(23)	45	–	–	1,091
Net change in treasury stock	(1,990,031)						(33)	(33)
Net change in translation adjustments					8			8
Net income						30		30
Dec. 31, 2001 before appropriation	23,009,969	25	1,044	(23)	53	30	(33)	1,096

Notes to consolidated financial statements

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The Nexans Group, which was created in November 2000, essentially groups together the former Alcatel energy cable, electrical wires, and distribution activities, as well as the copper telecommunication cable activities for both private and public networks, and related accessories.

The consolidated financial statements of Nexans and its subsidiaries (the "Group") comply with the essential accounting principles described hereafter.

The 2000 and 1999 combined pro forma financial statements of the Group were drawn up on the basis of the combined financial statements (presented in Note 28), which were adjusted to reflect, retroactively, the impact of the following items on the two fiscal years:

- the harmonization of the activities sold, on a comparable basis;
- the projected financial structure of the overall Group as of December 31, 2000;
- the effects of the legal reorganization which led to the incorporation of the Group.

The principles used to draw up the combined pro forma financial statements and the resulting figures are described in Note 28.

The consolidated financial statements of the Group are presented since January 1, 1999, in accordance with the new principles and methodology relative to consolidated financial statements "CRC 99-02" of the "Comité de la Réglementation Comptable".

The "Comité de la Réglementation Comptable" approved the "règlement sur les passifs" (regulation on liabilities) n° CRC 00-06. This regulation is effective from January 1, 2002, with possible anticipated implementation as of January 1, 2000. Nexans did not apply this new principle to the 2001 financial statements. The Group does not anticipate a significant effect from the implementation of this regulation on its financial position at January 1, 2002.

1.a Consolidation methods (combination)

Companies over which the Group has exclusive control are fully consolidated (combined). Companies over which the Group has a significant influence ("equity affiliates") are accounted for under the equity method. Significant influence is generally assumed when the Group interest is between 20% and 50%. The consolidated (combined) financial statements are prepared on the basis of year-end (or interim) financial statements at December 31. All significant intra-group transactions are eliminated.

1.b Translation of financial statements denominated in foreign currencies

The balance sheets of foreign consolidated subsidiaries are translated into euros at the year-end rate of exchange, and their income statements and cash flow statements are translated at the average annual rate of exchange. The resulting translation adjustments are included in shareholders' equity under the line item "Cumulative translation adjustments".

1.c Translation of foreign currency transactions

Foreign currency transactions are translated at the rate of exchange applicable on the transaction date. At year-end, foreign currency receivables and payables are translated at the rate of exchange prevailing on that date. The resulting exchange gains and losses are recorded in the income statement.

1.d Research and development expenses

These are recorded as expenses for the year in which they are incurred, except for:

- software development costs which are included in intangible assets, when they strictly comply with the following criteria:
 - the project is clearly defined, and costs are separately identified and reliably measured,
 - the technical feasibility of the software is demonstrated,
 - the software will be sold or used in-house,

– a potential market exists for the software, or its usefulness, in case of internal use, is demonstrated, and,

– adequate resources required for completion of the project are available.

In that case, software development costs are amortized as follows:

- in case of internal use over their probable service lifetime,
- in case of external use according to prospects for sale, rental or other forms of distribution.

The amortization corresponds to the highest of either the cumulative amounts using straight-line amortization or the cumulative amounts based on the above mentioned criteria.

- recoverable amounts disbursed under the terms of contracts with customers, which are included in work in progress on long-term contracts.

1.e Intangible assets

Goodwill is amortized using the straight-line depreciation method. Amortization periods are determined independently for each transaction, but never exceed 20 years.

Whenever events or changes in market indicate a risk of impairment of intangible assets and property, plant and equipment, a detailed review is carried out in order to determine whether the carrying amount of such assets remains lower than their fair value. Whenever such review indicates that fair value is lower than carrying amount, the Group further considers the effects of possible business strategies, such as restructuring plans of involved companies, on its future cash flows. If necessary, an exceptional amortization of these intangible assets or property, plant and equipment is accounted for to reduce their carrying amount to the estimated fair value.

1.f Property, plant and equipment

Property, plant and equipment are valued at historical cost for the Group (excluding any revaluation). Depreciation is generally calculated over the following useful lives:

Industrial buildings, plant and equipment:	
– Buildings for industrial use	20 years
– Infrastructure and fixtures	10-20 years
– Equipment and tools	5-10 years
– Except for small equipment and tools	3 years
Buildings for administrative and commercial use	20-40 years

Depreciation expense is determined using primarily the straight-line method. Fixed assets acquired through capital lease arrangements or long-term rental arrangements that transfer substantially all of the benefits and risks of ownership to the Group are capitalized.

1.g Investments

Investments are stated at the lower of historical cost (excluding revaluations) or fair value (market value for investments in listed companies), assessed investment by investment, taking into consideration their value in use for the Group.

1.h Long-term contracts

Work in progress on long-term contracts is stated at production cost, excluding administrative and selling expenses and interest expense. Provisions are established to cover all foreseeable losses at completion. Sales and contract revenue are recognized on a percentage-of-completion basis.

1.i Inventories and work in progress

Inventories and work in progress are valued at the lower of cost (including indirect production costs where applicable) or net realizable value. Cost is primarily calculated on a weighted-average price basis. The cost of the copper in the inventories is valued according to the LIFO method (last in – first out) in order to better represent economic reality given the variations in the price of copper.

1.j Cash and cash equivalents

Cash and cash equivalents comprise receivables from disposal of assets having a maturity less than three months and which are liquid and transferable as well as cash on hand and marketable securities. These items are valued at the lower of cost or market value.

1.k Pension and retirement obligations

In accordance with the laws and practices of each country where the Group is present, the Group participates in employee benefit plans by offering early retirement benefits and special termination benefits.

For defined contribution pension plans and multi-employer plans, expenses are recorded as incurred. For defined benefit pension plans, in order to harmonize the procedure throughout the Group, liabilities and prepaid expenses are determined from January 1, 1999 as follows:

- using the Projected Unit Credit method (with projected final salary);
- recognizing, over the expected average remaining working lives of the employees participating in the plan, actuarial gains and losses in excess of more than 10% of the present value of the defined benefit obligation or 10% of the fair value of any plant assets.

The effect of the change as of January 1, 1999 between the reserves calculated in accordance with the new accounting method and the reserves calculated according to local accounting standards is recorded under the caption "Other revenue (expense)" in the 1999 income statement.

Furthermore, the financial component of the periodic benefit cost (interest cost after deduction of return on plan assets) is included in the financial income rather than in the income from operations (Note 4).

1.l Reserves for restructuring

Reserves for restructuring costs are provided for when the restructuring programs have been decided and announced before approval of the financial statements. Such costs primarily

relate to severance payments, early retirement of employees, costs for notice periods not worked and retraining costs of terminated employees, shut down facilities and write-off of fixed assets, inventories and other assets.

1.m Deferred taxation

Deferred income taxes are computed under the liability method for all timing differences arising between taxable income and accounting income, including reversal of entries recorded in individual accounts of subsidiaries solely for tax purposes. All amounts resulting from changes in the tax rate are recorded in the year in which the tax rate change has been decided. Provisions are made for taxes on proposed dividends to be distributed by subsidiaries. No provision is made for taxes payable on undistributed retained earnings. Deferred income tax assets are recorded in the consolidated balance sheet when it is more likely than not that the tax benefit will be realized.

1.n Net sales

Net sales represent sales and revenues issued from the main activities of the Group net of value added taxes (VAT).

1.o Income from operations

Income from operations includes research and development expenses (Note 1.d), pension costs (Note 1.k) and employee profit sharing. Income from operations is calculated before financial income (loss) and complies with practices of many of the company's competitors.

1.p Financial instruments

The Group uses financial instruments to manage and reduce its exposure to fluctuations in interest rates, foreign currency exchange rates and metal prices. When these contracts are qualified as hedges, gains and losses on such contracts are accounted for in the same period as the item being hedged; otherwise, changes in the market value of these instruments are recognized in the period of change.

NOTE 2 CHANGES IN THE CONSOLIDATED COMPANIES

The main changes for 2001 in the consolidated companies are as follows:

- On March 7, 2001, Nexans acquired 51.5 % of the South-Korean company Daesung Cable Co. Ltd (now renamed Nexans Korea) mainly by recapitalization (40 millions of euros). Nexans Korea and its subsidiaries Daeyoung and Vina Daesung are fully-consolidated from March 31, 2001. Davipco, Nexans Tanzania, Nanning Huasun and Speedcom, other subsidiaries of Nexans Korea, are consolidated on an equity basis.

The main changes for 2000 in the combined companies are as follows:

- in April 28, 2000 Nexans acquired for 8 millions of euros Safi-Conel, an Italy based company. This company is combined from May 1st, 2000.

The main changes for 1999 in the combined companies are as follows:

- in December 21, 1998 Nexans acquired for 4 million dollars Optech Dai-Ichi Denko, a Portugal-based company. This company is combined from January 1, 1999.

NOTE 3 INFORMATION BY BUSINESS DIVISION AND BY GEOGRAPHICAL AREA**3.a Information by business division**

The tables below relate to the following business divisions:

- the “Electrical wire” division, made up of wire rods, electrical wires and enameled wire,
- the “Energy” division, which includes equipment cables, power cables for networks (low-, medium-, high-voltage and related accessories) and special cables,
- the “Telecom” division, which groups together cables for private telecommunications networks, special cables for electronic applications, junction components for telecommunication network cables, copper cables for public telecommunication networks, and optical fiber cables for public networks,
- the “Distribution” division, made up of retail activities for distribution to installers of electrical equipment (equipment and network cables),
- “Other” represents head office profits and costs not allocated to other activities and eliminations between divisions in trade receivables.

Data related to the divisions applies the same accounting policies used for the company’s consolidated financial statements, as described in the notes to the financial statements. Performance of each division is measured based on income from operations.

<i>in millions of euros</i>	Electrical Wires	Energy	Telecom	Distribution	Other	Total Group
2001						
Net sales at constant metal price	1,102	2,189	836	340	–	4,467
Income from operations	15	80	30	17	(3)	139
Depreciation and amortization*	32	67	34	4	4	141
EBITDA**	47	147	64	21	1	280
Capital expenditures	41	101	40	6	14	202
Property, plant and equipment, net	214	414	222	44	27	921
Inventories and work in progress, net	162	334	101	44	(4)	637
Trade receivables and related accounts, net	142	504	164	56	(5)	861
Total assets from operations, net	518	1,252	487	144	18	2,419
Staff (<i>number of employees</i>)	2,625	9,266	4,372	831	906	18,000
2000						
Net sales at constant metal price	1,095	2,062	876	327	1	4,361
Income from operations	43	64	46	12	4	169
Depreciation and amortization*	27	67	27	6	5	132
EBITDA**	70	131	73	18	9	301
Capital expenditures	71	80	64	4	20	239
Property, plant and equipment, net	208	332	181	37	68	826
Inventories and work in progress, net	185	354	110	28	27	704
Trade receivables and related accounts, net	179	469	198	26	133	1,005
Total assets from operations, net	572	1,155	489	91	228	2,535
Staff (<i>number of employees</i>)	2,672	9,026	4,696	904	888	18,186
1999						
Net sales at constant metal price	945	2,060	821	318	5	4,149
Income from operations	43	46	36	17	(4)	138
Depreciation and amortization*	25	68	26	4	3	126
EBITDA**	68	114	62	21	(1)	264
Capital expenditures	36	45	25	4	34	144
Property, plant and equipment, net	156	316	142	43	91	748
Inventories and work in progress, net	139	335	105	51	(7)	623
Trade receivables and related accounts, net	166	549	190	55	(143)	817
Total assets from operations, net	461	1,200	437	149	(59)	2,188
Staff (<i>number of employees</i>)	2,709	9,259	4,197	962	1,246	18,373

* Property, plant and equipment excluding amortization of goodwill.

**EBITDA is defined as income from operations, excluding depreciation and amortization.

3.b Information by geographical area

<i>in millions of euros</i>	France	Germany	Other Europe	North America	Rest of world	Total Group
2001						
Net sales:						
– by subsidiary location	1,472	644	1,508	914	239	4,777
– by geographical market	760	597	1,977	931	512	4,777
Income from operations	24	25	63	5	22	139
Property, plant and equipment, net	207	146	271	193	104	921
Total assets from operations, net	664	334	822	379	220	2,419
Staff (<i>number of employees</i>)	5,281	3,105	5,901	1,940	1,773	18,000

<i>in millions of euros</i>	France	Germany	Other Europe	North America	Rest of world	Total Group
2000						
Net sales:						
– by subsidiary location	1,461	645	1,456	1,064	157	4,783
– by geographical market	762	584	1,970	1,088	379	4,783
Income from operations	46	23	41	36	23	169
Property, plant and equipment, net	174	144	250	195	63	826
Total assets from operations, net	693	349	924	430	139	2,535
Staff (<i>number of employees</i>)	5,188	3,243	6,118	2,453	1,184	18,186

<i>in millions of euros</i>	France	Germany	Other Europe	North America	Rest of world	Total Group
1999						
Net sales:						
– by subsidiary location	1,253	647	1,360	777	145	4,182
– by geographical market	690	625	1,632	795	440	4,182
Income from operations	59	1	27	40	11	138
Property, plant and equipment, net	148	163	232	152	53	748
Total assets from operations, net	603	356	773	342	114	2,188
Staff (<i>number of employees</i>)	5,421	3,618	6,023	2,225	1,086	18,373

Note: the above information is analysed by subsidiary location, except for net sales which are also analysed by geographical market.

NOTE 4 NET FINANCIAL INCOME (LOSS)

<i>in millions of euros</i>	2001	2000	1999
Net interest (expense) income*	(22)	(2)	6
Dividends	4	1	11
Reserves	(2)	(2)	(3)
Net exchange gain (loss)	2	(2)	3
Financial component of the pension costs	(10)	(10)	(12)
Other financial items (net)	(5)	(5)	(5)
Net financial income (loss)	(33)	(20)	-

* For combined pro forma financial statements purpose, financial expenses of 2000 and 1999 were subsequently adjusted on the basis of the historical cost of the Alcatel debt plus 50 basis points (Note 28).

NOTE 5 OTHER REVENUE (EXPENSE)

<i>in millions of euros</i>	2001	2000	1999
Net capital gains on disposal of fixed assets*	3	1	37
Other (net)**	-	-	43
Total	3	1	80

* Of which 31 millions of euros related to the transfer of Alcatel Contracting Germany shares in 1999.

**Of which 32 millions of euros related to a reversal of a tax risk provision in Germany and 10 millions of euros resulting from the change in the pension evaluation method linked to the adoption of the new accounting principles (Note 1.k).

NOTE 6 INCOME TAX**6.a Analysis of income tax charge**

<i>in millions of euros</i>	2001	2000	1999
Current income tax charge	(18)	(43)	(38)
Deferred income tax charge (credit), net	(10)	3	7
Income tax charge	(28)	(40)	(31)

6.b Effective income tax rate

The effective income tax rate can be analyzed as follows:

<i>in millions of euros</i>	2001	2000	1999
Income before taxes	73	120	158
Average income tax rate (in%)	28.2	38.8	38.7
Expected tax	(21)	(46)	(61)
Impact of:			
- Change in accrual on deferred income tax assets	(10)	(4)	17
- Tax credits	3	6	-
- Other permanent differences	-	4	13
Actual income tax charge	(28)	(40)	(31)
Effective tax rate (in%)	38.6	33.6	19.6

Expected tax is the sum of income before taxes multiplied by the local statutory rate for each subsidiary. Average income tax rate is the expected tax divided by the consolidated income before taxes.

6.c Deferred tax balances

Deferred tax assets (liabilities) are included in the following captions of the consolidated balance sheet:

<i>in millions of euros</i>	2001	2000	1999
Other accounts receivable			
- current assets	28	20	24
- non-current assets	9	11	11
Total*	37	31	35
Other payables			
- current liabilities	(7)	(2)	(9)
- non-current liabilities**	(71)	(37)	(36)
Total*	(78)	(39)	(45)
Net deferred tax (liabilities) assets	(41)	(8)	(10)

* See Notes 13 and 21.

** As part of the legal reorganization in the United States, Alcatel and Nexans made definitive in August 2001 the election to the tax regime "338 (H)(10)". This election resulted in a change in the taxable value of the assets of certain US subsidiaries of Nexans. To ensure compliance with Group accounting policies, a deferred tax liability was booked in the financial statements as of December 31, 2001 in the amount of 35 millions of euros. As this deferred tax liability was a direct consequence of the constitution of the Group, it was allocated to the goodwill (see Note 8).

Non-current deferred tax assets primarily relate to accrued pension and retirement obligations and other non-tax deductible reserves.

Current deferred tax assets are recognized in companies which plan to incur a tax charge in the future.

The deferred taxes assets which are not recognized because of their uncertain recovery amount to respectively: 378, 306 and 305 millions of euros at December 31 2001, 2000 and 1999. These tax assets include part of the tax losses carried forward mentioned in Note 6.d.

6.d Tax losses carried forward

Tax losses carried forward and not yet utilized represent a potential tax saving of 347 millions of euros at December 31 2001, 287 millions at December 31, 2000 and 302 millions at December 31, 1999.

Tax losses carried forward expire as follows:

<i>in millions of euros</i>	2001	2000
Year N+1	15	12
Year N+2	24	9
Year N+3	2	4
Year N+4	7	2
Year N+5 and thereafter	299	260
Total	347	287

NOTE 7 EARNINGS PER SHARE

At December 31, 2001, the capital stock consisted of 25,000,000 shares. Following a share buy back program within the limit of 10% of the capital stock (see Note 15.b), weighted average number of outstanding shares on the period amounts to 24,546,203 and the number of outstanding shares at December 31, 2001 amounts to 23,009,969.

Basic earnings per share are computed on the basis of the weighted average number of shares issued after deduction of the weighted average number of shares owned by consolidated subsidiaries. Diluted earnings per share take into account stock options having a dilutive effect.

The following table presents a reconciliation of the basic earnings per share and the diluted earnings per share:

	2001	2000	1999
Net income <i>(in millions of euros)</i>	30	75	121
Number of shares*	24,546,203	25,000,000	25,000,000
Number of stock options*	88,583	-	-
Number of diluted shares*	24,634,786	25,000,000	25,000,000
Basic earnings per share <i>(in euros)</i>	1.22	3.00	4.84
Diluted earnings per share <i>(in euros)</i>	1.22	3.00	4.84

* Weighted average number on the period.

NOTE 8 GOODWILL OF CONSOLIDATED SUBSIDIARIES, NET

<i>in millions of euros</i>	2001		
	Gross	Cumulated amortization	Net
Nexans Magnet Wire USA Inc. *	19	(1)	18
Nexans USA Inc. *	8	-	8
Nexans Energy USA Inc. *	8	(1)	8
Nexans Kanghua	5	-	4
Total	40	(2)	38

* See Note 6.c.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT**9.a Change in property, plant and equipment, gross**

Gross value <i>in millions of euros</i>	Land	Buildings	Plant equipment and tools	Other	Total
December 31, 1998	65	555	1,683	293	2,596
Additions	1	21	60	62	144
Disposals	(2)	(10)	(75)	(16)	(103)
Other movements	2	25	51	(29)	49
December 31, 1999	66	591	1,719	310	2,686
Additions	-	19	101	119	239
Disposals	(14)	(14)	(78)	(17)	(123)
Other movements	(1)	17	14	(74)	(44)
December 31, 2000	51	613	1,756	338	2,758
Additions	2	17	109	74	202
Disposals	(3)	(23)	(73)	(21)	(120)
Other movements	10	26	75	(33)	78
December 31, 2001	60	633	1,867	358	2,918

Property, plant and equipment acquired under capital leases and long-term rental arrangements account for less than 5% of the total property, plant and equipment.

9.b Change in accumulated depreciation of property, plant and equipment

Accumulated depreciation <i>in millions of euros</i>	Land	Buildings	Plant equipment and tools	Other	Total
December 31, 1998	5	400	1,265	197	1,867
Depreciation charge	-	27	81	18	126
Write-offs*	-	(9)	(63)	(15)	(87)
Other movements	4	16	18	(6)	32
December 31, 1999	9	434	1,301	194	1,938
Depreciation charge	-	27	90	15	132
Write-offs*	(4)	(14)	(70)	(15)	(103)
Other movements	5	(43)	(6)	9	(35)
December 31, 2000	11	404	1,315	203	1,932
Depreciation charge	-	28	93	19	140
Write-offs*	(1)	(22)	(71)	(20)	(114)
Other movements	(2)	(10)	51	(1)	39
December 31, 2001	8	400	1,388	201	1,997

* Accumulated depreciation of fixed assets disposed of.

NOTE 10 OTHER INVESTMENTS AND MISCELLANEOUS, NET*in millions of euros*

	2001			2000	1999
	At cost	Provision	Net value	Net value	Net value
Investments in non consolidated subsidiaries	33	(10)	23	21	21
Loans to non consolidated subsidiaries	34	(5)	29	14	17
Other investments	16	(3)	13	26	17
Total	83	(18)	65	61	55

NOTE 11 INVENTORIES AND WORK IN PROGRESS*in millions of euros*

	2001	2000	1999
Raw materials and goods	170	201	182
Industrial work in progress	119	141	159
Work in progress on long-term contracts	7	11	8
Finished products	404	415	345
Gross value	700	768	694
Valuation allowance	(63)	(64)	(71)
Net value	637	704	623

NOTE 13 OTHER ACCOUNTS RECEIVABLES*in millions of euros*

	2001	2000	1999
Advances and progress payments	4	7	75
Prepaid taxes	39	45	48
Deferred taxes*	37	31	35
Prepaid expenses	10	6	4
Advances made to employees	2	7	4
Other accounts	42	65	29
Gross value	134	161	195
Valuation allowance	(1)	(1)	-
Net value	133	160	195

* See note 6.c.

NOTE 12 TRADE RECEIVABLES AND RELATED ACCOUNTS*in millions of euros*

	2001	2000	1999
Receivables on long-term contracts	72	83	69
Other trade receivables	840	967	802
Gross value	912	1,050	871
Valuation allowance	(51)	(45)	(54)
Net value	861	1,005	817

NOTE 14 MARKETABLE SECURITIES

Marketable securities primarily consist of investments in commercial paper, bonds and other transferable securities.

The market value of these securities, which equals to their net book value, amounts to 87 millions of euros at December 31, 2001 (3,7 millions of euros at December 31, 2000 and 6 millions of euros at December 31, 1999).

NOTE 15 SHAREHOLDERS' EQUITY**15.a Appropriation of the net income**

The Board of Directors has decided to propose to the Annual Shareholders' Meeting a dividend of 0.43 euro per share on the 23.1 million shares existing on June 25, 2002, all of which give the right to receive a dividend. The aggregate distribution of dividends shall be 9.9 millions of euros.

The Annual Shareholders' Meeting of April 2, 2001, which examined the company accounts for the financial year ending December 31, 2000, authorized the distribution of a dividend of 20 millions of euros to Alcatel, the sole shareholder at this date.

So as to reflect the autonomous functioning of the Group, historical recapitalizations and dividends were neutralized. A notional dividend payment amounting to 25 millions of euros per year was taken into account.

15.b Treasury stock

Nexans has set up a share buy back program authorized by the Shareholders' Ordinary Annual General Meeting held on April 2, 2001, in order to optimize return on equity and to carry out transactions to improve earnings per share. The purchase concerns a maximum of 10% of the capital stock over a period of up to eighteen months from the last Shareholders' General Meeting.

As part of this program, 1,990,031 shares had been purchased as of December 31, 2001, for a total of 33 millions of euros. The acquisition cost of these shares is deducted from consolidated retained earnings.

15.c Stock options

At December 31, 2001, 531,500 options or 2,13% of the capital stock, reserved for employees, had not been exercised.

- Board Meeting creating the plan November 16, 2001
- Number of options 531,500
- Exercise price 17.45 €
- Exercise period From November 16, 2002
(vested 25% by year) to November 16, 2009

NOTE 16 MINORITY INTERESTS

in millions of euros

December 31, 1998	76
Minority interests in 1999 income	6
Other changes	2
December 31, 1999	84
Minority interests in 2000 income	5
Other changes	(40)
December 31, 2000	49
Minority interests in 2001 income	13
Other changes	42
December 31, 2001	104

In 2001, other changes mainly correspond to the net effect of the acquisition of Nexans Daesung and its subsidiaries.

In 2000, other changes mainly correspond to the net effect of the acquisition of the minority interests in Nexans Norway.

NOTE 17 PENSIONS AND POST-RETIREMENT BENEFITS

The Group sponsors various defined benefit pension plans. In France, all Group's employees elect to benefit from the retirement indemnity scheme. In other countries, the employee groups covered and the type of retirement plan, depend on local regulation practices.

For defined benefit pension plans in order to harmonize the procedure throughout the Group, liabilities and prepaid expenses are determined since January 1, 1999 in accordance with the accounting principle described in Note 1.k.

The discrepancy on January 1, 1999 between the reserves calculated in accordance with the new accounting principle and the reserves calculated according to local accounting standards is shown in the income statement in 1999 under the caption "other revenue (expense)" (10 millions of euros; see Note 5).

For defined benefit plans, entailing an actuarial valuation, general assumptions have been determined by actuaries on a country by country basis and, for specific assumptions (turnover, salary increases), company by company. The assumptions for 2001, 2000, and 1999 are as follows:

	2001	2000	1999
Discount rate	5.7 %	5.7 %	4.7 %
Future salary increases	2.5%	1.8%	1.8%
Expected long-term return on assets	5.8%	5.8%	5.8%
Average residual active life	15-27 years	15-27 years	15-27 years
Amortization period of transition obligation	15 years	15 years	15 years

<i>in millions of euros</i>	2001	2000	1999
CHANGE IN BENEFIT OBLIGATION			
Benefit obligation at beginning of year	721	703	659
Service cost	17	17	15
Interest cost	37	37	39
Plan participants' contributions	3	3	3
Amendments	(4)	20	7
Acquisitions	6	1	-
Disposals	-	-	-
Curtailments	(4)	(2)	-
Settlements	-	(1)	(7)
Special termination benefits	-	-	2
Actuarial loss/gain	3	(37)	16
Benefits paid	(46)	(41)	(52)
Reclassifications	-	5	-
Other (foreign currency translation)	8	16	21
Benefit obligation at end of year	741	721	703
CHANGE IN PLAN ASSETS			
Fair value of plan assets at beginning of year	469	412	370
Actual return on plan assets	(41)	41	41
Employers' contribution	10	13	15
Plan participants' contributions	3	3	3
Acquisitions	4	-	-
Disposals	-	-	-
Curtailments	(4)	-	-
Settlements	-	1	(4)
Special termination benefits	-	-	-
Benefits paid	(24)	(20)	(33)
Other (foreign currency translation)	10	19	20
Fair value of plan assets at end of year	427	469	412

<i>in millions of euros</i>	2001	2000	1999
FUNDED STATUS			
Benefit obligation net of plan asset	314	252	291
Unrecognized actuarial loss/gain	(32)	38	(14)
Unrecognized transition obligation	(3)	(4)	(5)
Unrecognized prior service cost	(22)	(27)	(9)
Net amount recognized	257	259	263
COMPONENTS OF NET PERIODIC COST			
Service cost	(17)	(17)	(15)
Interest cost	(37)	(37)	(39)
Expected return on plan assets	28	28	28
Amortization of transition obligation	(1)	(1)	(1)
Amortization of prior service cost	(2)	(2)	(1)
Amortization of recognized actuarial gain/loss	-	-	(6)
Effect of curtailments	-	-	(2)
Effect of settlements	-	-	-
Special termination benefits	-	-	(2)
Amortization of unrecognized items	-	-	-
Net periodic benefit cost	(29)	(29)	(38)

The pension funds are mostly invested in public and private bonds (about 50%) and in equity interests (about 30%).

NOTE 18 ACCRUED CONTRACT COSTS AND OTHER RESERVES

18.a Analysis by nature

<i>in millions of euros</i>	2001	2000	1999
Accrued contract costs	77	72	82
Reserves for restructuring	38	57	115
Other reserves	42	52	60
Total	157	181	257

Accrued contract costs relate primarily to warranties, cost of completed billed contracts, contract losses and penalties relating to commercial contracts.

18.b Analysis of restructuring costs

<i>in millions of euros</i>	2001	2000	1999
Reserves at the beginning of the year	57	115	162
Expenses of the period	(51)	(92)	(112)
New plans and adjustments to prior estimates	36	30	60
Translation adjustments and other movements	(4)	4	5
Reserves at the end of the year	38	57	115

The restructuring costs incurred during 2001 mainly relate to the continuing rationalization in Germany, in particular in Hanover, Moenchengladbach and Nuremberg sites, as well as the reorganization of distribution activities in Norway, severance costs in data cable activities in the United States and energy activities in Italy.

The allowance for restructuring reserves booked in 2001 mainly relates to distribution activities in Norway, Electrical wires activities in France and Germany, Data cable activities in the United States and Energy activities in Italy.

In 2000, besides the continuation of the closing of the Hamburg and Stadthagen sites in Germany, the restructuring costs mainly relate to some rationalization in the Energy Division of the Calais and Lens sites in France, Charleroi in Belgium, Latina in Italy and Cortaillod in Switzerland.

The main activities concerned by accrued for restructuring costs in 2000 are the high-voltage activity in Switzerland and the energy activity in Italy.

For 1999, restructuring costs mainly relate to the closing of Salles and Reims sites in France, and of the Hamburg and Stadthagen sites in Germany.

19.c Short-term debt

Analysis by currency and interest rate

	Weighted average rate (%)		In millions of euros	
	2001	2000	2001	2000
Euro	3.78	5.54	295	90
French franc	-	4.32	-	5
Deutsche mark	-	6.50	-	2
US dollar	6.21	5.20	18	56
Pound sterling	-	6.57	-	3
Italian lira	6.25	-	3	-
Other	9.06	12.29	20	37
Total	4.24	6.75	336	193

NOTE 19 FINANCIAL DEBTS

19.a Analysis by nature

<i>in millions of euros</i>	2001	2000
Short-term borrowings and bank overdrafts	345	203
Capital lease obligations	1	-
Accrued interest	2	2
Total	348	205

19.b Analysis by maturity date

<i>in millions of euros</i>	2001	2000
Short-term financial debt	336	193
Year N+2	3	3
Year N+3	2	2
Year N+4	1	2
Year N+5	2	2
Year N+6 and thereafter	4	3
Long-term financial debt*	12	12
Total	348	205

* See note 1.p.

19.d Long-term debt

Analysis by currency and interest rate:

	Weighted average rate (%)		In millions of euros	
	2001	2000	2001	2000
Euro	3.83	4.50	8	7
French franc	-	4.15	-	2
Deutsche mark	6.87	6.50	2	2
US dollar	-	-	-	-
Pound sterling	-	-	-	-
Other	6.29	-	2	1
Total	4.39	4.81	12	12

19.e Other information

At December 31, 2001, Nexans and its subsidiaries have unused confirmed credit lines amounting to 510 millions of euros. If used, these credit lines would bear a 27 basis points spread over the floating reference rate. Besides, these credit lines are subject to several obligations, mainly in terms of financial ratios. In case of non compliance, these credit lines should become unavailable from 0 to 30 days, according to their nature.

19.f Pro forma debt

For pro forma combined financial statements purpose, the theoretical debt at January 1, 1999 was reconstructed retroactively, taking into account the cash flows generated by the operational activities and a notional dividend payment amounting to 25 millions of euros (see Note 28).

NOTE 20 CUSTOMERS' DEPOSIT AND ADVANCES

<i>in millions of euros</i>	2001	2000	1999
Advance payments received on long-term contracts	24	21	20
Other deposit advances received from customers	24	11	13
Total customers' deposits and advances	48	32	33

NOTE 21 OTHER PAYABLES

<i>in millions of euros</i>	2001	2000	1999
Accrued payables and others	146	168	148
Social payables	124	140	150
Accrued taxes	54	67	83
Deferred taxes*	78	39	45
Dividends to be paid	-	-	-
Grants	6	6	8
Total	408	420	434

* See note 6.c.

NOTE 22 OFF-BALANCE SHEET COMMITMENTS

<i>in millions of euros</i>	2001	2000	1999
Guarantees given contracts and others	265	279	284
Discounted notes receivable	3	3	8
Secured borrowings	26	33	33
Commitments to buy or sell forward raw materials or goods	57	53	42
Commitments to purchase fixed assets	10	33	43
Total	361	401	410

The guarantees given on contracts consist of performance bonds

issued to customers and bank guarantees given to secure advance payments received from customers. In the event that, due to the occurrences such as delay in delivery or litigation on the underlying contracts, it becomes likely that Nexans will become liable for such guarantees, the estimated risk is reserved for (see Note 18 "Accrued contract costs and other reserves").

NOTE 23 MARKET-RELATED EXPOSURES

The Group decided to centralize treasury management in order to minimize its exposure to market risks: foreign exchange risk, interest rate risk and credit risk.

23.a Currency risk

Financial instruments held at December 31, 2001 are hedges for exchange risks arising from payables or receivables, either commercial or financial. At December 31, 2001, off-balance sheet financial instruments, held to manage currency risk are as follows:

in millions of euros	Buy/lend		Sell/borrow	
	Principal amount	Fair value	Principal amount	Fair value
Forward exchange contracts	111	(2)	73	-
Short-term exchange rate swaps	135	(1)	22	-

Earliest/latest maturity dates for each type of instrument are as follows:

	Maturity date	
	Earliest	Latest
Forward exchange contracts	January 2002	February 2004
Short-term exchange rate swaps	January 2002	December 2002

Principal amounts represent the face value of financial instruments. Principal amounts expressed in foreign currency are translated into euros at the year-end rate of exchange. Fair value given are indicative of the interest rates and exchange rates prevailing as at December 31, 2001.

23.b Metal price risk

The Group enters into futures contracts on the London Metal Exchange in order to reduce its exposure to market fluctuations on its copper and aluminum firm position.

At December 31, 2001, 2000 and 1999, the copper and aluminum net position on futures contracts were as follows:

	2001		2000		1999	
	Tons	Millions of euros	Tons	Millions of euros	Tons	Millions of euros
Open position (long) at purchase cost	29,425	49	17,150	36	43,400	70
At market value	29,425	48	17,150	32	43,400	79
Profit/(loss)		(1)		(4)		9

These unrealized profit (loss) are substantially offset by unrealized loss (profit) on the firm position, resulting in a net profit of 1 million of euros at December 31, 2001 (net unrealized profit of 8 millions of euros at December 31, 2000; net unrealized profit of 1 million of euros at December 31, 1999).

NOTE 24 PAYROLL AND STAFF

<i>in millions of euros and number of staff</i>	2001	2000	1999
Wages and salaries (including social security/ pension costs)	852	831	899
<i>Of which remuneration of executive officers of the Group</i>	3	2	2
Employee profit sharing	1	4	9
Staff of consolidated companies at year end	18,000	18,186	18,373

NOTE 25 RELATED PARTY TRANSACTIONS

Related party transactions relate to equity affiliates, unconsolidated subsidiaries and shareholders of Nexans, the parent company. Transactions are recorded primarily in the following accounts:

25.a Income statement

<i>in millions of euros</i>	2001
Net sales	88
Cost of sales	63
Interest expenses	5
Interest income	5

25.b Balance sheet

<i>in millions of euros</i>	2001
Trade receivables and related accounts	25
Other accounts receivable	-
Trade payables and related accounts	14
Other payables	-

NOTE 26 CONTINGENCIES

Apart from certain claims which arise in the ordinary course of business that, it is anticipated, should not represent a significant cost for the Group, there are other claims, details of which are given below, in respect of which it has been decided that it is not necessary to set up a reserve. Nevertheless, the risk that these claims may have an impact on the accounts at some time in the future cannot be totally excluded.

26.a Nexans Norway

In a press release dated April 27, 2001, the Norwegian Competition Authority announced that a Norwegian subsidiary of Nexans, involved in the wholesale Distribution business, had been reported together with five other Norwegian wholesalers and an industry association to the National Authority for Investigation and Prosecution of Economic and Environmental Crime. The Competition Authority claims that the wholesalers, through their participation in the industry association, violated the Norwegian law by fixing gross prices and, to a certain extent, rebates and net prices during the 1990s. The Competition Authority also stated in its press release that turnover in the relevant distribution market was 25 billion Norwegian Kroner (approximately 3,1 billion euros) for the relevant period (the 1990s). The Norwegian subsidiary of Nexans had turnover of about 6 billion Norwegian Kroner (approximately 750 millions of euros) in the relevant market during the 1990s. The Competition Authority indicated that losses suffered by consumers were significant but admitted that it was difficult to calculate precisely the amount of such losses.

At this stage of the investigation, and in compliance with Group procedures, Nexans has not accrued for any cost. However, in view of the limited information available, Nexans is unable to predict with any certainty how this matter may evolve or what its impact may be on Nexans' operations or financial results.

26.b Nexans Canada

A producer brought a claim to the Canadian courts naming Nexans and other cable manufacturers, claiming damages following a fire. The claim against Nexans Canada was dropped during the first half of 2001. Later, Nexans Canada was assigned by one of the cables retailer, himself assigned by the producer, with the purpose of a potential participation in case of the responsibility of the retailer is recognized.

Although it is not possible at this stage to determine the consequences of these claims, Nexans does not consider that they will have a significant impact on its consolidated financial situation. The Group is not aware of any other event or litigation having recently affected or likely to have a significant effect on its business, its financial status, its income or the Group's assets.

NOTE 27 MAIN CONSOLIDATED COMPANIES*

Company	Country	% of control	% of interest	Consolidation method
Nexans **	France	100.0	100.0	Global
Nexans France	France			
Nexans Wires	France			
Société de Coulée Continue du Cuivre	France			
Société Lensoise du Cuivre SA	France			
Nexans Deutschland Industries AG & Co	Germany	100.0	99.6	
Lacroix & Kress GmbH	Germany	100.0	99.6	
Nexans Benelux	Belgium	99.6	99.6	
Nexans Holding Norway A/S	Norway			
Nexans IKO Sweden A/B	Sweden			
Nexans Suisse SA	Switzerland			
Nexans Italia Spa	Italy			
Nexans Iberia SL	Spain			
Nexans USA Inc.	United States			
Nexans Canada Inc.	Canada			
Nexans Maroc**	Morocco	56.8	56.8	
Nexans Hellas SA**	Greece	71.7	71.7	
Nexans Korea Ltd**	Korea	51.5	51.5	

* Percentage of control and interest equal 100 % except if specified.

** Company publicly traded.

NOTE 28 PRINCIPLES OF DRAWING-UP THE PRO FORMA ACCOUNTS

The pro forma combined financial statements do not necessarily reflect Nexans financial position, results of operations and cash flows as they would have been, if Nexans had been formed on January 1, 1999 and operated autonomously before December 31, 2000. Moreover, these financial statements may not reflect what will be the Group's financial position, results and net cash position in the future.

The pro forma combined financial statements were established on the basis of Alcatel's accounting principles and consistent with the assumptions considered as necessary by Nexans management. These financial statements are mainly based on the relevant historical financial information extracted from Alcatel's consolidated financial statements for the concerned fiscal years, and include all the significant restatements considered necessary. The main assumptions used for the established pro forma combined financial statements are described below.

No notes to the historical combined financial statements have been prepared, as it has been considered more appropriate to prepare notes to the pro forma combined financial statements, which better reflect the future structure of Nexans business.

28.a The new operating scope

The operating scope of the Group differs from the legal and historical scope. Indeed, the operational carve out of the activities resulted in some cases in legal separation through partial business transfers, in other cases in the signing of an operator/user Alcatel/Nexans contract. It mainly concerns the following activities:

- optical fiber and optical fiber cable activities in France, Spain and Germany;
- Radio Frequency System activity in Germany;
- taking into account the effects of the signing of an operator/user contract in Switzerland and in Brazil in order to reflect respectively the manufacture of fibers by means of preform molding for Alcatel and the manufacture of copper telecommunications cables by Alcatel for Nexans;
- Alcatel STK's real estate assets and pension fund assets, held by the Alcatel group;
- restatement of the remaining restructuring reserves at December 31, 2000 related to Nexans sites and which will be paid by Alcatel.

28.b The new financial structure of the Group

For pro forma combined financial statements purpose, the theoretical debt as of January 1, 1999 was reconstructed retroactively, taking into account:

- cash flows generated by the operating activities;
- notional dividend of 25 millions of euros.

The financial costs were consequently adjusted on the basis of historical costs of Alcatel debt plus 50 basis points.

28.c Effect of the legal reorganization in order to constitute the Group

The transfer of securities in order to constitute the new Group was carried out on the basis of the value in use estimated by Alcatel at 1,200 millions of euros excluding debt. The purpose of this adjustment is to conform to this value.

On the other hand, interests in subsidiaries historically held by the Group business as of June 30, 2000 are considered as sold as of January 1, 1999 on the basis of 45 millions of euros which represents their historical value as of June 30, 2000.

The effects of these adjustments are detailed in the following tables:

<i>in millions of euros</i>	Combined	Operating carving out (a)	Financial structure (b)	Reorganization (c)	Pro forma
2000					
CONDENSED INCOME STATEMENTS					
Net sales	5,348	(565)	–	–	4,783
Gross profit	756	(109)	–	–	647
Income from operations	230	(61)	–	–	169
Financial income (loss)	(20)	–	–	–	(20)
Restructuring costs	(30)	–	–	–	(30)
Other revenue (expense)	103	–	(102)	–	1
Net income before income tax and amortization of goodwill	283	(61)	(102)	–	120
Income tax	(32)	–	(8)	–	(40)
Amortization of goodwill	(14)	–	–	14	–
Minority interests	5	–	–	–	5
Net income, Group share	232	(61)	(110)	14	75
CONDENSED BALANCE SHEET					
Intangible assets, net	165	–	–	(160)	5
Property, plant and equipment, net	826	–	–	–	826
Investments and other non-current assets, net	63	–	–	–	63
Total non-current assets, net value	1,054	–	–	(160)	894
Inventories and work in progress, net value	704	–	–	–	704
Receivables, net value	1,165	–	–	–	1,165
Cash and cash equivalents	129	–	–	–	129
Total current assets	1,998	–	–	–	1,998
Total assets	3,052	–	–	(160)	2,892
Combined net assets	1,271	–	–	(160)	1,111
Minority interests	49	–	–	–	49
Reserve for liabilities and charges	440	–	–	–	440
Financial debts	205	–	–	–	205
Other liabilities	1,087	–	–	–	1,087
Total liabilities	3,052	–	–	(160)	2,892
CONDENSED STATEMENT OF CASH FLOWS					
Working capital provided by operations	133	–	13	–	146
Net cash provided (used) by operations activities	22	–	9	–	31
Net cash provided (used) by investing activities	(1,908)	–	(198)	1,856	(250)
Cash flow from financing activities	1,836	69	(27)	(1,901)	(23)
Net effect of exchange rate changes	(5)	–	–	–	(5)
Net increase (decrease) in cash and cash equivalents	(55)	69	(216)	(45)	(247)
(Debt net)/cash net, at beginning of year	(21)	(69)	216	45	171
(Debt net)/cash net, at end of year	(76)	–	–	–	(76)

<i>in millions of euros</i>	Combined	Operating carving out (a)	Financial structure (b)	Reorganization (c)	Pro forma
1999					
CONDENSED INCOME STATEMENTS					
Net sales	4,505	(323)	–	–	4,182
Gross profit	730	(101)	–	–	629
Income from operations	181	(43)	–	–	138
Financial income (loss)	(31)	–	31	–	–
Restructuring costs	(60)	–	–	–	(60)
Other revenue (expense)	80	–	–	–	80
Net income before income tax and amortization of goodwill	170	(43)	31	–	158
Income tax	(25)	–	(6)	–	(31)
Amortization of goodwill	(22)	–	–	22	–
Minority interests	6	–	–	–	6
Net income, Group share	117	(43)	25	22	121
CONDENSED BALANCE SHEET					
Intangible assets, net	148	–	–	(144)	4
Property, plant and equipment, net	895	(147)	–	–	748
Investments and other non-current assets, net	102	–	–	(45)	57
Total non-current assets, net value	1,145	(147)	–	(189)	809
Inventories and work in progress, net value	683	(60)	–	–	623
Receivables, net value	1,098	(86)	–	–	1,012
Cash and cash equivalents	498	–	–	–	498
Total current assets	2,279	(146)	–	–	2,133
Total assets	3,424	(293)	–	(189)	2,942
Combined net assets	1,222	(278)	213	(144)	1,013
Minority interests	84	–	–	–	84
Reserve for liabilities and charges	536	(16)	–	–	520
Financial debt	518	67	(213)	(45)	327
Other liabilities	1,064	(66)	–	–	998
Total liabilities	3,424	(293)	–	(189)	2,942
CONDENSED STATEMENT OF CASH FLOWS					
Working capital provided by operations	169	(69)	25	–	125
Net cash provided (used) by operations activities	247	(70)	25	–	202
Net cash provided (used) by investing activities	(113)	31	–	(6)	(88)
Cash flow from financing activities	35	22	(82)	–	(25)
Net effect of exchange rate changes	(10)	–	–	(1)	(11)
Net increase (decrease) in cash and cash equivalents	159	(17)	(57)	(7)	78
(Debt net)/cash net, at beginning of year	(180)	(52)	260	65	93
(Debt net)/cash net, at end of year	(21)	(69)	202	59	171

<i>in millions of euros</i>	Combined net assets	Pro forma adjustment	Combined pro forma net assets
COMBINED STATEMENTS OF CHANGE IN NET ASSETS			
December 31, 1998	1,029	(140)	889
Appropriation of net income and dividend	(67)	42	(25)
Translation adjustments	28	-	28
Net income	117	4	121
Other	115	(115)	-
December 31, 1999	1,222	(209)	1,013
Appropriation of net income and dividend	(54)	29	(25)
Translation adjustments	52	(5)	47
Net income	232	(157)	75
Other	(181)	181	-
December 31, 2000	1,271	(160)	1,111

Auditors' Report

on consolidated financial statements, year ended December 31, 2001

(Free translation from the original French report)

To the shareholders of the company Nexans,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2001, on the audit of the accompanying consolidated financial statements of the company Nexans.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and of its assets and liabilities as of December 31, 2001, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We also performed the verification of the information given in the management report of the Board of Directors. We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, April 19, 2002

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Alain Gouverneyre

ERNST & YOUNG AUDIT

Jean-Claude Lomberget

Net sales of the 2002 first quarter

First quarter 2002 net sales

in millions of euros

	Q1.02	Q1.01	Q4.01
Net sales	1,080	1,233	1,104
Net sales (at constant copper price)	1,018	1,119	1,071
Energy	515	512	563
Telecom	144	219	170
Electrical wires	283	302	246
Distribution & others	76	86	92

At constant metal price, net sales decreased by 9% (and by 11.3% on a comparable basis) compared with the 2001 first quarter, and by 5% compared with the fourth quarter of 2001.

Net sales by business division (at constant non-ferrous metal price)

in millions of euros

	Q1.02	Q1.01	Q4.01
Energy (main activities)			
Infrastructure	190	167	241
Building	194	207	196
Industry	112	113	104
Telecom			
Infrastructure	53	91	82
Private networks	56	77	53
Industry	35	51	35
Electrical wires			
Wirerod	145	148	129
Bare wires	34	36	27
Winding wires	104	118	91

Condensed income statements

<i>in euros</i>	2001	2000	1999
Operating revenues	6,755,718	-	-
Operating expenses	(11,164,665)	(29,799)	(1,326)
Operating income	(4,408,947)	(29,799)	(1,326)
Revenues from investments in subsidiaries and associates	63,089,493	27,499,149	-
Other financial revenues	78,731,886	12,251,011	1,294
Financial expenses	(77,014,083)	(10,993,851)	(21)
Financial income	64,807,296	28,756,309	1,273
Non recurring income	(1)	-	-
Income tax	(293,475)	(956,820)	-
Net income	60,104,873	27,769,690	(53)

Condensed balance sheets

<i>in euros</i>	2001	2000	1999
ASSETS			
Financial assets	1,167,538,872	1,048,398,695	–
Accounts receivable and other current assets	7,708,644	3,368,810	38,646
Cash	399,835,571	464,481,042	–
TOTAL ASSETS	1,575,083,087	1,516,248,547	38,646
LIABILITIES AND EQUITY			
Capital stock	25,000,000	25,000,000	38,112
Additional paid-in capital	1,051,807,299	1,044,037,628	(1,697)
Net income	60,104,873	27,769,690	(53)
Reserves for liabilities and charges	–	–	–
Financial debt	428,163,948	418,416,494	1,529
Payables and other current liabilities	10,006,967	1,024,735	755
TOTAL LIABILITIES AND EQUITY	1,575,083,087	1,516,248,547	38,646

Information relating to subsidiaries and associates

At December 31, 2001

	Capital stock	Components of shareholders' equity other than capital stock, including net income	Percentage of ownership
Thousands of	Euros or local currencies	Euros or local currencies	%
A - Detailed information relating to subsidiaries and associates with book value in excess of 1% of Nexans' capital stock			
1 - Subsidiaries (more than 50% of capital stock held by Nexans)			
France			
Nexans France	160,000	66,156	99.99%
Nexans participations	233,975	621,490	99.99%
Foreign subsidiaries	None		
2 - Direct associates (10% to 50% of capital stock held by Nexans)			
France	None		
Foreign associates	None		
B - Information relating to other subsidiaries and direct associates			
1 - French subsidiaries	None		
2 - French associates	None		
3 - Foreign associates	None		

Book value of securities held		Outstanding loans and advances	Guarantees given by Nexans	Net sales for last financial year	Net income (loss) for last financial year	Dividends received during the financial year
Gross value	Net value					
Euros	Euros	Euros	Euros	Euros and local currencies	Euros and local currencies	Euros

237,400	9,999,994			964,496	4,452	6,000
848,000	15,598,223			0	63,270	57,089



Explanatory notes

(extract from the notes to the parent company financial statements)

PRINCIPLES AND SUMMARY OF ACCOUNTING POLICIES

The Balance Sheets and the Income Statements at December 31, 2001 have been prepared in accordance with the principles and the valuation methods applicable in France:

- conservatism principle;
- on-going operations;
- permanent accounting policies from one period to the other;
- cut-off of the different accounting periods.

As a general rule, accounting entries are booked in compliance with the historical cost method.

Investments in shares in subsidiaries and affiliates, and other financial fixed asset investments

The gross value of investments is stated at their acquisition cost (excluding incidental expenses) or at their assignment value.

A provision is accrued for, whenever the utility value at the balance sheets date is lower than the historical cost.

The carrying value is determined on the basis of the utility value, resulting from a multi-criteria valuation which may take into account the revalued net assets as well as yield.

When Nexans buys its own shares, as part of a share buy back program, these shares are reported in "other financial assets".

TAX INFORMATION

With effect at January 1, 2001, Nexans SA left the tax pooling structure of Alcatel Group.

As part of the option for the French Tax Group system, as defined in articles 223 A and followings of the French "Code Général des Impôts", Nexans SA entered into a 5 years tax pooling agreement with its French subsidiaries, starting January 1, 2002.

There is no non-tax-deductible expense as mentioned in articles 39-4 and 223 quater of the French "Code Général des Impôts".



Auditors' Report

on the parent company financial statements, year ended December 31, 2001
(Free translation from the original French report)

To the shareholders of the company Nexans,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2001, on:

- the audit of the accompanying financial statements of the Company Nexans,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 2001, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2. Specific verifications and information

We also performed the specific verifications required by law, in accordance with the professional standards applied in France.

We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with the law, we verified that the management report contains the appropriate disclosures as to the acquisition of shares and controlling interests, as well as to the percentage interests and votes held by shareholders.

Neuilly-sur-Seine and Paris-La Défense, April 19, 2002

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Alain Gouverneyre

ERNST & YOUNG AUDIT

Jean-Claude Lomberget

Factors relating to risks, non-recurring events and disputes

RISKS RELATING TO NEXANS' BUSINESS

Risks relating to the seasonal nature of Nexans' business

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

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

Risks relating to commercial operations

Nexans' activities expose it to claims for liability relating to products and to allegations that its products are responsible for damage caused to third parties or property. Nexans currently holds product liability insurance that it considers to be in line with current practice within its sector, but it cannot guarantee that this insurance is sufficient to cover liability actions that may be brought against it.

A significant proportion of Nexans' sales are derived from contracts for supplying and installing cables as part of turnkey infrastructure projects. These contracts relate primarily to the high-voltage products of the Energy division and the submarine

installations operations conducted from Norway. Individual contracts often have a high value and include penalty and liability clauses in the eventuality Nexans is not able to fulfil its commitments in terms of time schedule and quality. The potential application of these clauses, due to the amount of penalties which may be incurred or claims for damages, or through the effect of delays on the financial structure of the projects involved, may have a significant negative impact on Nexans' financial situation and income.

It should also be noted that some clients (EDF in France, for example, or Sonepar for general market products) represent a significant proportion of the Group's sales. However, no individual client represents more than 2 % of the Group's sales overall.

Nexans issues guarantees relating to the performance of its products, which may cover long periods. Furthermore, the guarantees issued to Nexans under supply contracts for the materials or components used by Nexans in the products or services it offers its clients do not always match those granted by Nexans to its clients.

Risks relating to interest-rate and exchange-rate fluctuations

Management of interest-rate risk

Nexans pursues a policy of active management of the interest-rate risk to which it is exposed. Debts falling due within one year account for more than 96% of the Group's total debt and most of this debt is set at variable interest rates based on the key monetary indices (EONIA, EURIBOR, LIBOR). As of December 31, 2011 Nexans was not using any interest-rate hedging instruments.

Exchange rate risk

Nexans hedges the exchange rate risk relating to its anticipated contractual business and to some items in its budgets. The resulting exchange rate operations can lead to open positions. Where this is the case these positions are limited in terms of the amounts and periods involved. At the end of the financial year, Nexans had no significant unhedged exchange rate positions.

Risks relating to price fluctuations and the non-availability of raw materials

Copper, aluminum and plastics are the main raw materials used by Nexans. Fluctuations in the prices and availability of these products therefore have a direct impact on the Group's business. The non-availability of raw materials at commercially sustainable prices can therefore have a negative impact on Nexans' operations and income. The three major suppliers of non-ferrous metals are Codelco, Noranda and HMGS, which together account for around 41% of the metal purchased by Nexans. To date, Nexans has always been able to obtain sufficient supplies at commercially sustainable prices.

Although prices of copper and aluminum are especially volatile, Nexans considers that its gross operating margin is not significantly exposed to these prices, due to the dual effect of passing on variations in non-ferrous metals prices to customers and hedging measures on the LME. Nexans' margins are exposed to variations in the price of copper in some product lines – such as copper cables in the cable systems business and to a lesser extent the products in the general market sector of the Energy Division. Overall Nexans considers that the risk relating to metal prices has no significant influence on its margins. However, the Group cannot be sure that this will not be the case in the future.

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

Finally, despite its stringent selectivity as regards the partners it works with on the LME, Nexans may be exposed to counterparty risk in the context of hedging contracts concluded on the LME.

Analysis of sensitivity for the year 2002

Impact of an increase of 50 bp in interest rates on the Group's financial expenses for the year.

Hypothetical interest rates: (3 month variable)

EUR: 4.25%

USD: 3.5%

Hypothetical average debt:

USD: 100 million

EUR: 150 million

Impact of a delta of 50 bp on the Group's financial expenses:

USD: 500,000

EUR: 650,000

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

Hypotheses:

Average stock of copper on the Group's balance sheet: 130,000 metric tons

Average price of copper USD: 1,592 per metric ton

Cost of financing in USD: 3.5% pa

Impact on financial expenses: USD 455,000

Risks relating to environmental regulations

Nexans is subject to many environmental regulations, at the local, national and international level (relating in particular to the storage, transport, disposal and emission of dangerous materials and waste).

Taking risks is the key to the success of our business. However, this process must be carefully monitored and based on sound strategies, and so Nexans is committed to a strategy of dynamic risk management designed to protect its staff, its property and the environment while ensuring that the company survives and prospers.

The major environmental risk for Nexans is atmospheric and aquatic pollution resulting from the combustion of chemical products involved in the manufacture of cables and components – products such as PVC, resins, etc. – in the case of a fire in one of its plants.

In order to avoid the risk of fire, Nexans applies the internationally recognized HPR (Highly Protected Risk) method. This method is based on a program of annual systematic audits at the Group's major plants. In 2001, for example, 87 plants were visited by a specialist consultant and 57% of these sites achieved HPR classification.

In addition, in order to prevent environment-related risks, the HPE (Highly Protected Environment) method, based on the HPR method, and in line with the ISO 14001 standard for environment

management systems, is applied in 75% of the Group's manufacturing plants.

The Group continues to pursue its strategy of auditing and inspecting its various sites in order to detect potential non-conformities and to prevent future risks more effectively. Environmental assessments of its sites are carried out on a systematic basis, particularly in the case of disposals or acquisitions, when the assistance of external consultants is regularly called in.

In 2001, a detailed environmental assessment was carried out in the context of Nexans' public offering.

Furthermore, in 2002 Nexans obtained third-party liability insurance to cover certain environmental risks. However, this insurance does not cover the costs of reinstatement or cleanup measures which may be required by the relevant authorities.

Nexans does not generally make provision for cleanup expenses in its accounts but books them as expenses as and when they are incurred.

As a result, although Nexans considers that it conducts its business in such a way as to reduce risks relating to the environment, and that it has put in place appropriate systems to identify and manage the risk of claims against any liability it may incur, it cannot guarantee that all sources of risk relating to the environment have been identified and covered. This is all the more pertinent given the current trend toward stricter environmental legislation and regulations. It cannot therefore be guaranteed that Nexans will not incur losses relating to the environment or that these losses will not have a negative impact on its operating results or its financial situation.

Insurance against risks

Nexans is currently insured for all its national and international operations through Group insurance programs negotiated and managed by the Alcatel Group up until the end of the period terminating December 31, 2002. Nexans has the option to extend these programs for an additional year. The economies of scale generated in this way give Nexans the benefit of extended cover at a competitive price. The main areas covered by Nexans' insurance, which is placed with the global leaders in the insurance market and is reinsured by the leading reinsurers, are fire-loss of business, general third-party and product liability, transport, vehicle fleet insurance, contractor's all risks

insurance for land, sea and submarine works, credit and political risks, group insurance, and industrial accidents in North America. Nexans regards this insurance as being in line with the standard practices in its sector.

The Nexans Group calls on the expertise of global insurance brokerage networks to help it manage the risks to which it is exposed in all countries where it is present. In addition, its principal industrial sites are visited annually by an independent specialist organization which makes recommendations relating to prevention and safety.

Disputes

Nexans is involved in various claims, mainly concerning contractual matters, arising from the normal conduct of its business. It is also subject to product liability claims in the course of the normal conduct of its business. In view of its provisions policy, its insurance coverage, the evaluation of the probability of being convicted, and the sums in question, Nexans does not consider that the present or future risks associated with these disputes will have any significant impact on its financial situation.

In Norway, the Norwegian Competition Authority submitted a file to the criminal jurisdiction investigators during the first half of 2001 that apparently involves several companies, including Nexans Distribusjon, a subsidiary of Nexans Norway, in relation to alleged illegal price fixing. The Competition Authority stated its desire to see heavy fines inflicted on the companies involved. If the criminal jurisdiction takes this case to court, Nexans intends to contest strongly any allegations that might be made against it. At this stage of the investigation, and considering the lack of precise information on the accusations made against Nexans Distribusjon and that formal charges have still not been brought, no provisions have been made.

MAIN INVESTMENTS

The Group's net capital expenditure for fiscal 2001 totaled 195 million euros, 52 million euros more than the total amount of depreciation/ amortization for the same period.

These investments were primarily focused on the Energy Division (95 million euros – capacity expansion and modernization), the Electrical wires Division (42 million euros – for refocusing individual plants on specific processes) and the Telecom Division (38 million euros – increasing capacity for public networks and developing new products).

After two years of high capital expenditure, the Group's goal is for capital expenditure in the next two financial years to be lower than the total amount of depreciation/amortization.

RELATIONS WITH ALCATEL

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

In preparation for the stock market listing, various agreements were entered into by Alcatel and Nexans to cover a transitional period until the Nexans group became fully independent. Of the agreements which were previously described in the Offering Circular, the following remain in force:

- Alcatel still supplies Nexans with optical fiber pursuant to a frame agreement. Nexans no longer has any firm purchase commitments under this agreement but simply places orders to purchase optical fiber for the quantities it requires and at prices which are aligned on market prices.
- In Brazil, Nexans is the owner of certain industrial equipment dedicated to copper public network cables, and has delegated the manufacture and marketing thereof to Alcatel Brazil, under the supervision however of Nexans. The agreement came into force on December 1st, 2000 for an initial 2 year period, and is automatically renewable every year until 2005, save if Nexans decides to terminate the agreement and transfer its business to another site. Alcatel receives remuneration equivalent to 3% of the total manufacturing cost base.
- In Switzerland, pursuant to an agreement entered into for a 2 year period from December 1st, 2000 Nexans undertook to make available exclusively to Alcatel its whole fiber capacity and not to manufacture on its own behalf without the consent of Alcatel. This agreement can be renewed at the option of Alcatel who can also request the halt of fiber production.
- In Germany, Nexans rents to Alcatel its equipment used in the armouring of overhead OPGW cables

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

- Intellectual property rights: following the creation of the Nexans group, Alcatel granted Nexans a non-exclusive and royalty free license with a right to sub-license pursuant to an agreement dated December 1st, 2000 to use Alcatel patents related to the business activity of Alcatel but which are also

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

- In the process of the creation of the Nexans group, Nexans and certain of its subsidiaries in Germany, Spain and Canada, spun off and sold to Alcatel certain of their business and assets relating to the business of Alcatel. On the other hand, in France and the United States, Alcatel and certain of its subsidiaries spun off certain of their business and assets relating to the business of Nexans and sold them to Nexans. Alcatel and Nexans agreed to indemnify each other for a minimum period of 3 years against any liabilities arising in any subsidiary of the other party in relation to an activity which is no longer part of its business.

In addition, Nexans and Alcatel entered into an agreement which provides for the sale to Nexans of a 10% shareholding held by Alcatel in the Japanese company, ODD, which was not transferred to Nexans prior to its listing on the stock market.

- An agreement also exists relating to the participation of Nexans in the insurance programmes of Alcatel, as referred to above (in the section on "Insurance against risks").

The undertaking to retain securities given by Alcatel and Nexans (in relation to the issuance of securities) to the banks involved in the listing of Nexans on the stock market has now expired. On July 17, 2001 Alcatel certified that it owned 5.000.484 shares in Nexans. To the best knowledge of the company, no sale has taken place since this date. The shareholding of 22% owned by Alcatel in the share capital of Nexans does not give Alcatel any control over Nexans, in the absence of any specific agreement and in view of the limitation on voting rights at shareholders' meetings contained in the bylaws of Nexans.

Shareholders' rights and obligations

Shareholders' Meetings

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

All shareholders may participate in meetings either personally, via a representative or by letter subject to providing proof of identity and of ownership of his/her shares either by registration of the shares or by filing an immobilisation certificate for bearer shares at the location stated in the convocation five days before the date of the meeting. This 5 day period may be reduced by decision of the board of directors.

All shareholders may also, if the board of directors so decides when the meeting is convened, vote at the general meeting using any remote transmission methods (Internet) in accordance with the conditions and methods provided for by law.

Members who participate in the Annual Shareholders' Meeting to be held in June 2002 will be invited to approve a resolution permitting shareholders to vote by videoconference or by any other means of telecommunication which permits them to be identified, subject to the conditions laid down by regulation.

Form and registration of shares, identification of shareholders and statutory thresholds

Shares are registered until they are fully paid up.

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

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

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

To determine the thresholds fixed in paragraphs (1) and (2) above, any shares held indirectly and any shares considered as being shares held pursuant to articles L233-7 and following of the New Commercial Code, shall be taken into account.

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

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

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

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

Transfer of shares registered in an account will be made by transfer from account to account. All account entries, payments and transfers shall be made in accordance with applicable law.

If required by the laws and regulations in force, the company may require that the signatures on the declarations, transaction or payment orders be certified in accordance with the law and regulations in force.

The company may, subject to compliance with legal and statutory provisions in force, require that information relating to its shareholders or to holders of securities which convey immediate or future voting rights, be communicated to it by any financial intermediary, including their identity, the number of shares they hold and an indication, where appropriate, of any restrictions on the shares or securities held.

Voting rights

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

However, a double voting right is attributed to all registered, fully paid up shares which have been registered in the name of the same holder for at least three years.

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

Regardless of the number of shares which it possesses directly and/or indirectly, a shareholder's voting rights with respect to the votes attached to the shares it owns or in respect of which it has a power of representation, is limited to 8% of the votes cast and taken into account with respect to each vote on resolutions at a general shareholders' meeting. If a shareholder also possesses double votes either on its own behalf or as a representative, the stated limit may be exceeded taking into account only the additional voting rights up to the limit of 16 % of the votes cast and taken into account with respect to each vote on resolutions at a general shareholders' meeting. Shares which are held indirectly and those which are assimilated as being shares held pursuant to articles L233-7 and subsequent articles of the New Commercial Code shall be taken into account when determining this limitation.

The limitation determined in the above paragraph shall become automatically null and void as soon as an individual or a legal entity holds at least 66.66 % of the total number of shares in the company, whether individually or together with one or more individuals or legal entities, as a result of a takeover bid by way of purchase or exchange of shares for all the company's shares. The board of directors shall recognize the invalidation of the limitation when the results of the take over procedure are published.

The foregoing restriction does not affect the Chairman of the shareholders' meeting when voting pursuant to proxies received in accordance with the legal obligations contained in article L225-106 of the New Commercial Code.

The voting right is exercised by the holder of the beneficial right in shares at all ordinary, extraordinary or special general shareholders' meetings.

Appropriation of income

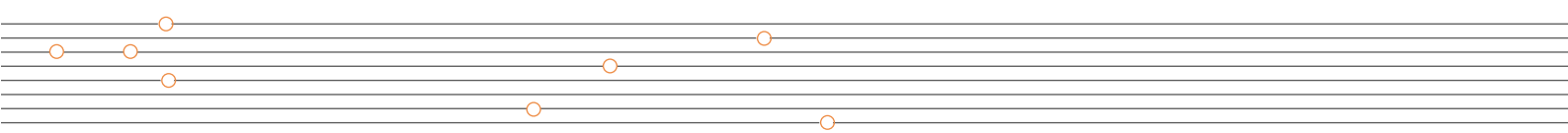
The difference between revenue and expenses for the financial year, after provisions, constitutes the profit or loss for the financial year as recorded in the profit and loss account. Five percent of the profit, reduced as the case may be by previous losses, shall be paid to a legal reserve. This payment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

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

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

The ordinary general shareholders' meeting may grant each shareholder the option of choosing between the payment of the dividend or the provision of interim dividends in cash or in shares for all or a proportion of the dividend distributed.

The general meeting or the board of directors, in the case of interim dividends, shall determine the date on which the dividend is to be paid.



General information

on the parent company and its share capital

Company profile

Name and registered office:

Nexans,

16, rue de Monceau, 75008 Paris, France

Legal form and governing laws

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

Trade Register Number

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

Corporate documents

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

Incorporation and expiration dates

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

Corporate purpose

(summary of Article 2 of the bylaws)

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

Financial year

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

Appropriation of capital and voting rights

Capital stock and voting rights

On December 31, 2001, the capital stock of the company totaled 25,000,000 euros, represented by 25,000,000 shares with a par value of 1 euro each.

Following the capital reduction pursuant to the cancellation of shares purchased under the buyback program and the capital increase reserved for employees, the capital stock as at April 19, 2002 totaled 23,121,472 euros, represented by 23,121,472 shares with a par value of 1 euro each.

There are no founder's shares.

Number of voting rights

Following the implementation of the company's share buyback program, the total number of voting rights as published by Nexans in the *Bulletin des Annonces Légales Obligatoires* of November 14, 2001 was 23,499,363.

On December 31, 2001, as the Company had purchased 1,990,031 of its own shares under this program, the total number of voting rights stood at 23,009,969.

Following the increase in capital stock reserved for employees, the total number of voting rights has increased to 23,121,472 subject to the statutory voting right ceilings referred to in page 85.

Table of the variations in Nexans share capital since its incorporation

Date of General Shareholders' Meeting	Operation	Number of shares issued/cancelled	Nominal value of shares	Nominal amount of capital increase/reduction	Paid-in capital or share contributions	Total amount of capital stock	Total number of shares
January 5, 1994	Incorporation	2,500	FRF 100	FRF 250,000	-	FRF 250,000	2,500
October 17, 2000	Capital stock increase	-	FRF 105	FRF 12,500	-	FRF 262,500	2,500
October 17, 2000	Capital converted to euros	-	€ 16	-	-	€ 40,000	2,500
October 17, 2000	Division of nominal share value	-	€ 1	-	-	€ 40,000	40,000
October 17, 2000	Capital stock increase	24,960,000	€ 1	€ 24,960,000	1,044,039,360	€ 25,000,000	25,000,000
February 12, 2002	Capital reduction	1,990,031	€ 1	€ 1,990,031	-	€ 23,009,969	23,009,969
April 17, 2002	Increase in capital stock reserved for employees	111,503	€ 1	€ 111,503	-	€ 23,121,472	23,121,472

Shareholders

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

Appropriation of capital and voting rights (on May 1, 2002)

	Number of shares		Voting rights*	
Alcatel	5,000,484	22%	5,000,484	22%
Goldman Sachs	1,499,832	6%	1,499,832	6%
Brandes	0	0%	1,203,600	5%
Other institutional shareholders	12,728,388	55%	11,524,788	50%
Individual shareholders	2,722,377	12%	2,722,377	12%
Non-identified shareholders	1,170,487	5%	1,170,487	5%
TOTAL	23,121,472	100%	23,121,472	100%

*At a General Shareholders' Meeting, a shareholder's voting rights is limited to 8 % of the votes cast.

The company is aware that Voltaire Funds, which previously held 5,07% of the share capital with 1,255,038 shares, has given notification that it has fallen below the 5% threshold. The information provided above is to the best knowledge of the company and is based in particular on a TPI (identifiable bearer shares), conducted in January 2002 and declarations made to the CMF.

Nexans is not aware of any pact declarations amongst its shareholders.

Authorized but non-issued share capital

There are no non-voting shares, or shares granting rights to the share capital, except for stock options granted as described at page 43 and pages 89 and 90.

Authorized capital increases

The Company has been granted the following authorizations by the General Shareholders' Meeting of April 2, 2001 and as proposed at the next General Shareholders' Meeting in June 2002: see *table below*.

	Maximum amount of the capital increase authorized	Validity deadline	Application
Authorization with preferential rights			
Shares or other stocks or securities entitling the holder to immediate or future access to the capital stock and capitalizations of reserves including in the event of a takeover bid by way of purchase or exchange of shares in the Company. ^{(2) (4)}	25 million euros ⁽¹⁾	April 2, 2006	None
Authorization without preferential rights			
Shares or other stocks or securities entitling the holder to immediate or future access to a portion of the capital stock, including in the event of a takeover bid by way of purchase or exchange of the Company's shares ⁽⁴⁾	25 million euros ⁽¹⁾	General Shareholders' Meeting to approve the 2006 financial statements	None
Employee authorization			
Stock subscription options ⁽⁵⁾	1,250,000 euros ⁽³⁾	April 2, 2006	544,500 options granted at April 19, 2002
Capital increase reserved for employees	750,000 euros ⁽³⁾	April 2, 2006	111,503 shares issued April 17, 2002

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

(2) With respect to the capitalization of reserves, the maximum nominal amount of the capital increase is limited to the total amount of the funds that can be capitalized.

(3) Mutually independent ceilings and independent of that provided for in sub-paragraph (1).

(4) The General Shareholders' Meeting of June 2002 will not be asked to renew the authorizations relating to capital increases in the case of a take over bid. These authorizations expire at that Meeting.

(5) The General Shareholders' Meeting of June 2002 will be invited to approve a new authorization to grant options for a maximum of 900,000 shares and for a period of 38 months. This new authorization cancels and replaces the preceding authorization.

Stock subscription options

Pursuant to the authorization granted by the Ordinary and Extraordinary General Shareholders' Meeting of April 2, 2001, the Board of Directors voted on November 16, 2001, to adopt a stock option plan for the granting of options giving the right to subscribe to new shares in the company, issued by way of increase in its capital stock.

At April 19, 2002, a total of 544,500 stock subscription options had been granted, each conferring the right to one Nexans share.

Analysis by category of recipient

	Date of allocation	Number of recipients	Number of options granted ⁽¹⁾	Price (euros)	Expiry date
Executives (Mr Hauser)	Nov. 16, 2001	1	55,000	17.45	Nov. 15, 2009
Group employees (ten leading recipients)	Nov. 16, 2001	12	181,000	17.45	Nov. 15, 2009

(1) Total number of options granted at the end of each period of 12 months following the date of attribution.

Buyback of Nexans shares

Pursuant to the authorization granted by the Ordinary and Extraordinary General Shareholders' Meeting of April 2, 2001, the Board of Directors voted on September 27, 2001, to implement a share buyback program, covering a maximum of 10% of the issued capital stock, as a result of which it repurchased and cancelled 1,990,031 shares. The General Shareholders' Meeting of June 25, 2002 will be asked to renew the authorizations

relating to the repurchase and cancellation of shares on the same terms as adopted by the previous General Shareholders' Meeting, in particular pertaining to the limit of 10% of the capital.

As of May 15, 2002 a transaction note on the share buyback program was being examined by the French *Commission des Opérations de Bourse*.

Related parties transactions

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

Two agreements which fall within the scope of Article 225-38 of the French *Code de Commerce* have been concluded between Nexans and companies having directors or company managers who are also directors or managers of Nexans, or in which a shareholder holds over 5% of the voting rights for the 2001 financial year.

These agreements are as follows:

The “General Relations Agreement” concluded with all Nexans Group subsidiaries, and approved by the Board of Directors on March 14, 2001. In respect of this agreement with Nexans Deutschland AG, Mr. Gérard Hauser is a director of both Nexans and Nexans Deutschland AG.

These agreements govern the sharing of research and development facilities, the sharing of income issuing from research programs, and the administrative services rendered by Nexans to its subsidiaries.

Pursuant to these agreements, the companies pay to Nexans a percentage of their sales, varying according to the business sector involved, and Nexans contributes to the cost of the research and development programs. Nexans is paid a percentage of the company's sales in consideration of administrative services rendered.

The “Underwriting Agreement”—a placing and guarantee contract approved by the Board of Directors on June 12, 2001.

In the context of Nexans' flotation on the Paris Stock Exchange, Alcatel, Nexans, Goldman Sachs International, Société Générale and two other members of the guarantee syndicate signed this agreement relating to guarantee and placing requirements for Nexans' shares.

Pursuant to this agreement, Alcatel undertook to sell its shares in Nexans while the bank syndicate undertook to place and guarantee the placing of the Nexans shares in return for a fee paid by Alcatel and on the basis of certain representations and guarantees given by Alcatel and Nexans.

Special Auditors' report

on certain related parties transactions, year ended December 31, 2001

(Free translation from the original French report)

In our capacity as Statutory Auditors of your Company, we are required to report on certain contractual agreements with certain related parties.

In accordance with Article L. 225-40 of French Company Law (*Code de Commerce*), we have been advised of a contractual agreement approved by your Board of Directors.

We are not required to ascertain whether any other contractual agreements exist but to inform you, on the basis of information provided to us, of the terms and conditions of the agreement indicated to us. It is not our role to comment as to whether this agreement is beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the decree of March 23, 1967, to evaluate the benefits resulting from this agreement prior to its approval.

We conducted our work in accordance with professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

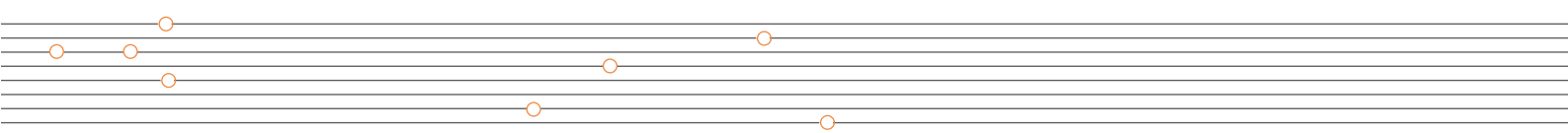
With Alcatel S.A.

Terms and object

On June 12, 2001, your Board of Directors authorized the conclusion of an underwriting agreement with Alcatel, a company holding more than 5% of the share capital of Nexans.

Conditions

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



In addition, in application of the decree of March 23, 1967, we have been informed that the execution of the following agreement, which was approved during the previous fiscal year, remained in force during the year ending December 31, 2001.

With Nexans Deutschland AG

Terms

On March 16, 2001, the Board of Directors of your company approved the conclusion of an agreement, called a "General Relations Agreement", with Nexans Deutschland A.G. This agreement governs the sharing of research and development facilities, the sharing of income issuing from research programs, and the administrative services rendered by Nexans to its subsidiaries.

Conditions

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

Nexans shall be paid a percentage of the company's sales in respect of administrative services rendered.

Under this agreement, Nexans received a payment of 7,474,500 euros and paid 5,309,250 euros for fiscal year 2001.

April 19, 2002

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Alain Gouverneyre

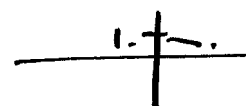
ERNST & YOUNG AUDIT

Jean-Claude Lomberget

Person responsible for the reference document

Paris – May 16, 2002

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



The Chairman of the Board,

Gérard Hauser

Auditors' Report

on the information presented in the "Reference Document"

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

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

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

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

Barbier Frinault & Autres has audited in accordance with professional standards applicable in France the individual financial statements for the fiscal year 1999, approved by the Board of Directors. Barbier Frinault & Autres and Ernst & Young have audited in accordance with professional standards applicable in France the individual financial statements for the fiscal years 2000 and 2001, approved by the Board of Directors.

We expressed an unqualified opinion on such financial statements.

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

Barbier Frinault & Autres has audited in accordance with professional standards applicable in France the historical combined financial statements for the fiscal year 1999. Barbier Frinault & Autres and Ernst & Young have audited in accordance with professional standards applicable in France the historical combined financial statements for the fiscal year 2000.

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

In our report on unaudited pro forma combined financial statements for the fiscal year 1999 and 2000, without calling into question our opinion on the historical combined financial statements, we have drawn the attention of the shareholders to the following points:

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

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

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

Neuilly-sur-Seine and Paris-La-Défense, May 16, 2002

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Alain Gouverneyre

ERNST & YOUNG AUDIT

Jean-Claude Lomberget


Concordance table

Relating the main paragraphs of regulation 98-01 of the COB* to the corresponding pages of the annual report (reference document)

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Section 3: General information		
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Section 4: Information on the Group's businesses		
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*Commission des Opérations de Bourse is the French stock market regulatory authority.

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