

Shareholder Newsletter #21

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Message from the Chairman

Our Shareholders' Meeting, held on May 25, gave us an opportunity to answer your questions and share with you our confidence in the Group's prospects given that its products and services go right to the core of global development and communications.

Uncertainty and contrasting results remain features of 2010. In the developed countries, the need to bring state budgets into line is prompting governments to adopt greater rigor, which could slow the recovery. In China, India, Brazil and many emerging countries, growth is strong, but so is competition. Worldwide, rising commodity prices require great vigilance and responsiveness, and a strong financial position.

After four quarters of negative growth, our first-quarter 2010 sales remained relatively unchanged on the final quarter 2009. It seems the situation has bottomed out for us.

The second quarter should show a distinct improvement over the first as climatic conditions become more favorable to installing energy infrastructure coupled with the tangible upturn on certain industrial markets.

In this demanding context, we are determined to continue with our efforts to optimize our production plant, reduce costs and working capital requirement, while improving the generation of cash. At the same time, we will be stepping up our market offensive based on differentiation through innovation and services, which we are wholly committed to promoting to our customers.

In just 10 years, Nexans has become the cable industry's global leader: we are fully intent on retaining this lead. We have the resources to do so: excellent teams, a global presence, and a high capacity for innovation that we apply to ensuring a sustainable future. Finally, we have a robust balance sheet. It allows us to invest in geographic areas and markets that offer the best outlook for profitable growth. It affords us enviable leeway to seize any acquisition opportunities that arise in a sector undergoing increasing consolidation.



Frédéric Vincent // Chairman and CEO

STAY CONNECTED:

Log onto www.nexans.com/finance to view the video of the 2010 Shareholders' Meeting: 2009 business review and outlook by Frédéric Vincent, analysis of the financial results by Frédéric Michelland, presentation of the Nexans Excellence Way manufacturing performance program by Yvon Raak, and presentation of three key sectors for the group's growth: energy infrastructure, energy resources and transportation by Pascal Portevin.

Key Figures

- **22,700** EMPLOYEES
- NEARLY 100 PLANTS IN **39** COUNTRIES
- SALES/MARKETING STRUCTURES COVERING THE **ENTIRE WORLD**
- **9** CENTERS OF EXPERTISE
- **1** INTERNATIONAL RESEARCH CENTER
- 2009 SALES OF **5** BILLION EUROS (AT CURRENT METAL PRICES)

First-quarter 2010 sales

Business has stabilized. Nexans expects a sharp upturn in the second quarter.

Nexans' first-quarter 2010 sales came to 1.35 billion euros. On a comparable basis, the figure is 971 million euros, down 11.1% compared with first quarter 2009 and by 1% compared with last quarter 2009.

Energy Infrastructure

For medium and low voltage, sales were penalized by very unfavorable weather conditions in Europe and tighter investment in Australia, North America and Brazil. For high voltage, sales were comparable to the first quarter 2009. The sustained level of submarine cable tenders there will be a higher order backlog in the years ahead.

Industry

There has been a marked upturn in automobile harnesses. Sales of special cables have lifted back close to the first-quarter 2009 level.

Rail, aeronautical, shipbuilding and offshore have all posted improved results. At the same time, Nexans is continuing to optimize production between France and Germany to boost the load in its plants.

Building

Activity is still very weak, especially in Europe and Australia. Contracting prices should impact on this segment's first-quarter operating profit margin.

Telecom Infrastructure

Business has suffered from European operators pushing back copper cable and fiber optic investments.

Private telecom networks (LAN)

Up sharply in the United States; contrasting business in Europe where the growth in the systems markets is unable to offset the lackluster budget cable segment.

Electrical wires

Nexans' production facilities now match its internal needs in Europe. This business is experiencing growth in Canada and Chile.

Fixed costs and debt

The Group has completed the restructuring started in the second half of 2009 to bring down its break-even and optimize its production capacity. Fixed costs are down by almost 6% at constant exchange rates compared with the end of March 2009. Net debt at March 31, 2010 came to 197 million euros compared with 362 million euros at March 31, 2009, despite the sharp hike in copper prices.

Outlook

Nexans is expecting an operating margin of about 4% at June 30, 2010, and somewhat higher than that for the year as a whole. The Group recently launched new sales & marketing and manufacturing initiatives that should help bring about a structural improvement to Nexans' operating profitability.

First-quarter 2010 sales breakdown

971 million euros⁽¹⁾⁽²⁾



Sales breakdown by business sector⁽¹⁾

- Energy cables: 810M€
- Telecom cables: 96M€
- Electrical wires: 59M€
- Other: 6M€

(1) At constant non-ferrous metal prices.
 (2) Change compared with Q4 2009 at constant non-ferrous metal prices, exchange rates and scope: -1%.
 (3) By origin.



Sales breakdown by geographical area⁽¹⁾⁽³⁾

- Europe: 597M€
- Middle East, Russia, Africa: 79M€
- North America: 100M€
- South America: 84M€
- Asia-Pacific: 113M€
- Corporate: (2)M€

Innovation and successes



Middle East

Turnkey extra-high voltage underground system for Dubai. Nexans will supply the Dubai Electricity & Water Authority the first extra-high voltage cable system operating at 400 kV. The 90 million euro turnkey contract will connect three high voltage substations via cable networks laid in secure, ventilated concrete tunnels under the streets of Dubai. The contract, which includes the construction of the tunnels, covers the supply and installation of about 60 km of XLPE 400 kV cables and the corresponding accessories.



Asia-Pacific

HV accessories for Xi'an XianYang International Airport. Nexans has been awarded a large contract to supply high voltage cable accessories for the main airport in China's northwest. The contract covers 96 junctions and terminations for 110 kV cables that will be delivered for the airport's main transformer substation. This order is evidence of the extent of Nexans' product offer, which covers almost all an airport's needs: data cables, building cabling, runway lighting and high-voltage infrastructure.



World

World record for a superconducting medium voltage cable. With the Endesa Supercable project, Nexans has achieved a world record. The single-phase, medium voltage cable (24 kV) carried 3,200 A in laboratory conditions, almost 10 percent more than any installed medium voltage cable worldwide. This project points the way toward future electricity grids. High-temperature superconducting cables have virtually no electrical resistance at minus 200°C. They transport more current with small cross-sections and reduce line losses: these are all solid advantages for their use as the "main artery" of tomorrow's urban distribution networks.

At the core of a sustainable future... improved workplace safety

Nexans launched a major workplace health and safety program in mid-2008. The aim is to halve the accident frequency by 2011. Review with Antoine Caillault, Group Industrial Director.



Antoine Caillault,
Group Industrial Director

What are the program's strong points?

First, the accident frequency rate is one of the key indicators on the monthly management chart in each plant. A dedicated team of experts defines the common safety rules applicable across the Group. Standards are rolled out to prevent the most serious risks, such as electrical tests. Progress actions based on best practices are implemented in each country. All company functions are involved.

How do you keep everyone focused?

A Group Health and Safety manager coordinates the horizontal initiatives, ensuring information is shared, especially through the use of a database on the Group intranet.

Safety Days are held at each site with the involvement of the senior-most levels of the management teams. Each year, Safety Awards are presented to three plants in recognition of their results in this area. Finally, all serious accidents must be reported to the Group within 24 hours. They are used as the basis for an OPL⁽¹⁾ explaining how to avoid any reoccurrence of the accident. The OPLs are disseminated to all plants and displayed at the relevant workstations.

Have you achieved any results?

Indeed we have. In 2009, 36 sites reported zero workplace accidents, compared with 11 in 2007. The accident frequency rate fell by more than 35% in 2009 compared with 2008 to 14.9 and improvements are still being made in our plants with a further 22% drop in the first quarter of 2010 compared with 2009. We are on the right track.

(1) One Point Lesson



2010 Shareholders' Meeting

A stronger Group armed and ready for the medium term

The Combined General Shareholders' Meeting was held on Tuesday, May 25, on the first call, at the Quai Branly Museum, Paris (France). Nearly 300 shareholders were present and more than 57% of the stock was represented. The executive team presented its actions to strengthen and direct Nexans toward the most promising markets, and reaffirmed its confidence in the Group's strength and potential.

Differentiation through innovation, faster growth in emerging countries, and diversity as a source of enrichment: by holding its Shareholders' Meeting at the Museum of Primitive Arts, a first for a listed company, Nexans intended to symbolize these directions and thank the shareholders present by inviting them to visit the museum's collections.

After crossing the museum garden, the shareholders were able to talk with Group employees about safety, manufacturing excellence and sustainable development, view recent innovations, and watch films about laying submarine cables, extending the Nexans Skagerrak cable laying ship and the Group's growth as it prepares to celebrate its 10th anniversary in 2010.

Armed for the medium term

Frédéric Vincent, Chairman and CEO, reiterated that in an extremely difficult global economic context in 2009 and still uncertain in 2010, "Nexans has been reorganized, restructured, strengthened and armed for the medium term."

1. A tighter executive team has been set in place to take and implement strategic decisions very quickly.
2. Nexans is undertaking an unprecedented restructuring effort. In 2009, the Group devoted nearly 120 million euros to its reorganization, which will enable full-year savings of some 60 million euros.

3. Nexans has strengthened its stock ownership and its financial profile. With the entry of the French Sovereign Fund (FSI), its reference stock ownership has risen from 9% to 14%; a further 14% is owned by individual and employee shareholders, providing additional stabilizing force. The Group has also reduced its structural working capital requirement by 100 million euros and boosted its financial leeway by issuing 212 million euros worth of convertible bonds in 2009.
4. Nexans is preparing for the medium term by improving its manufacturing efficiency and leveraging its three fundamentally strong areas of business: power transmission and distribution networks, energy and commodity production, infrastructure and transportation.

"The 2009 results reflect the robustness of our economic model," emphasized Frédéric Vincent. "We have maintained an operating profit margin of 6% despite a 17% contraction in sales at constant data. Our net income is at break-even. Our debt ratio has been pared back to 7%. These results mean that we are able to offer a dividend of one euro per share."



Manufacturing performance drives profitability

Yvon Raak, Senior Corporate Executive Vice President, reviewed the manufacturing performance continuous improvement program, Nexans Excellence Way, launched in July 2009. "Nexans Excellence Way is based on autonomous teams and tried-and-true systems, such as 5S⁽¹⁾ or lean manufacturing⁽²⁾. Rolled out in 19 plants in 2009, our program will be applied at a further 20 sites in the first half of 2010 and then at the 30 remaining sites in the second half."

Indicators measure the progress made. In 2009, inventory was reduced from 8.2 to 7.4 production weeks, while on-time deliveries rose 4 points to 87.3%. The aim is to lift that figure above 90%.

Unique advantages for three key markets

Pascal Portevin, Senior Corporate Executive Vice President, presented the long-term growth factors for three markets in which Nexans is intent on boosting its global position: electricity transmission and distribution networks, energy and commodities production, and infrastructure and transportation.

"These markets already account for two thirds of the Group's total sales, with 45% for energy infrastructure alone. We have unique strengths for serving them: global presence, a complete range of solutions and a strong innovation dynamic. In this way, we can provide customers with all the added value they require."

A solid financial structure

Frédéric Michelland, Chief Financial Officer and Senior Corporate Executive Vice President, commented on the 2009 and first-quarter 2010 results. He emphasized Nexans' capacity to complete all the reorganization required, to implement robust cost measures to offset the drop in volumes and to generate substantial levels of cash.

"By focusing on profitability, optimizing our purchases and lowering our fixed costs, we managed to improve our EBITDA⁽³⁾ margin by two points in 2009. We quadrupled our restructuring costs and reduced our debt by a factor of four. Lastly, we ended the year with cash in excess of 800 million euros, that is, more than double the same figure a year earlier."



At the core of a sustainable future

Frédéric Vincent wound up these presentations emphasizing Nexans' commitment to a sustainable future. "Whether in terms of governance and business operations, employee management, our environmental footprint or sustainable innovations for customers, our approach is very concrete. It contributes fully to building sustainable and profitable growth for our Group well beyond the current cycle and into the future."

- (1) Sort, Set in order, Shine, Standardize, Sustain.
- (2) Elimination of all unnecessary consumption.
- (3) Operating margin before amortization.



Véronique Guillot-Pelpel appointed member of the Nexans Board

The terms of office of **Gérard Hauser**, Chairman and CEO of Nexans from 2000 to 2009, and of **François Polge de Combret**, Senior Advisor of Calyon, were renewed for a further four years.

Mme **Véronique Guillot-Pelpel** has been appointed a Member of the Board for four years. A Member of the Executive Committee from 2001 to 2008, she was also Vice President of Human Resources and Communication of the Nexans group from 2006 to 2008, after having been Director of Communication for six years. A graduate of the political science school Institut d'Études Politiques de Paris and holder of a master's degree in Public Law, Véronique Guillot-Pelpel had previously been Director of Human Resources and Communication and a Member of the

Executive Committee of the Paribas Group. She is the second woman to join the Nexans Board of Directors. Colette Lewiner, an energy sector specialist and Vice President, Global Leader Energy, Utilities & Chemicals of Cap Gemini, has been a Member of the Nexans Board since 2004.

Following these appointments, the Board of Directors has 13 members of whom seven are independent Directors. The Directors were present at the Shareholders' Meeting, including the Chairman of the Board of Madeco, Guillermo Luksic Craig, who had traveled especially from Chile for the meeting, for which Frédéric Vincent thanked him warmly.

C/S Nexans Skagerrak set for new challenges



A spectacular transformation of the extended and refitted C/S Nexans Skagerrak is taking place, and the aim is to provide improved service to the strong and profitable high voltage submarine cable market, in which Nexans is the global leader.

The C/S Nexans Skagerrak is one of the world's two largest cable-laying ships. Equipped with a 29-meter diameter turntable, it can lay the longest, heaviest and most powerful high voltage submarine cables.

Extended service life

This impressive ship was quite simply cut in half to add a new 12.5-meter hull section taking the total overall length to 118.5 meters. An additional accommodation module has been installed taking the total number of cabins to 60, along with a new working platform that doubles the on-deck storage capacity to 2000 square meters. The upgrade has increased the ship's deadweight from 7,886 to 9,373 metric tons. Additionally, the ship's range at sea has been increased and her service life extended by 15 years. The work carried a price tag of eight million euros and took two months to complete.

Provide comprehensive services

Having your own cable-laying ship is a significant plus for large subsea projects. From design to laying and maintenance, Nexans can provide its customers with comprehensive services. Following her refit, the C/S Nexans Skagerrak can lay large-dimension cables to meet the need for new subsea interconnectors. Fitted with a new dynamic positioning system and a computer-based placement control system, it can deploy Nexans' specialized Capjet ROV trenching systems for cable burial operations. The C/S Nexans Skagerrak can simultaneously lay two separate or piggyback cables; she can even perform repairs including underwater cutting and retrieval of damaged sections.

Next mission

The BP Valhall PFS⁽¹⁾ project in the North Sea involves 292 km of HVDC (high voltage direct current) cable and a separate optical fiber cable being laid to provide the Valhall offshore platform with power generated onshore in Norway.

→ Watch the video
www.nexans.com/skagerrak-en

How it was done

After arrival on January 24 at the Cammel Laird shipyards near Liverpool (United Kingdom), the C/S Nexans Skagerrak was dry-docked and cut in two. Her two halves were pulled apart by 30 meters to allow for the insertion of a new single-piece hull section weighing 500 metric tons. The three sections were welded back together, repainted and refitted. The ship was put back to sea and tested in early April.



(1) Power From Shore

Nexans meets its individual shareholders in France



Committed to maintaining an active and ongoing dialogue with its shareholders, each year, the Group attends several information meetings across France. These meetings are held for individual shareholders in the French provinces and in the capital, Paris, and are a key aspect of the financial communication for which the Group uses a variety of methods to disseminate the latest news from Nexans.

Since the start of the year, the Group has also held these outreach shareholder meetings in Bordeaux and Biarritz, both of which saw strong attendance.

In this way, we are able to present Nexans' expertise through concrete examples used to precisely illustrate the Group's activities. This approach is a reminder for the participants that, although invisible, Nexans products are very often at the core of our everyday life.

The presentation moved on to address new areas of growth for Nexans, exemplified for energy infrastructure by the increasing need for interconnecting networks and replacing existing power lines.

Growing international trade and transportation are also outlets for the Group, whether in the shipbuilding, aeronautical, handling or rail transportation, as they are all sectors in which Nexans has significant strengths.

In addition to the comments about Nexans' operational performance, the presenters detailed the strategy implemented to ensure

the Group reaches its targets in an economic context that remains difficult.

Following these presentations, considerable time was devoted to a Q&A session with the audience. Questions were asked, for instance, about Research & Development, the dividend distribution policy, the impact of the euro/US dollar exchange rates on business and the expectations regarding increases in commodity prices.

Nexans attaches considerable importance to these meetings, which bring the Group closer to its shareholders and provide an opportunity for the company to answer their questions directly throughout the year.

Nexans at the core of a sustainable future: receive your financial publications by e-mail.

In this way, you will help protect the environment. Simply fill out the form on our Web site www.nexans.com/comfi

Stock price analysis

Observation of the change in the Nexans stock price since the start of the year reveals that, except for the weeks from mid-February to mid-March 2010, the stock outperformed its reference index, the SBF 120.

Since the end of April, no sector has been spared by the particularly volatile and changeable market. As a result, at May 31, Nexans stock was down 8.5% from its January 2010 level; this change is comparable to the 9% drop in the SBF 120 over the same period.

Act₂₀₁₀

Since its creation ten years ago, Nexans has developed a regular employee shareholder policy to share the results of its growth and strengthen the relationship of trust with its employees.

From May 21 to June 7, 2010, Act 2010 enabled Group employees to become shareholders: 400,000 shares were on offer; 25 countries were involved, including Argentina, Chile, Colombia and Peru for the first time.

Stock market data

• **Share capital** // €28,012,928

• **Total number of shares in circulation** // 28,100,245
(at April 30, 2010)

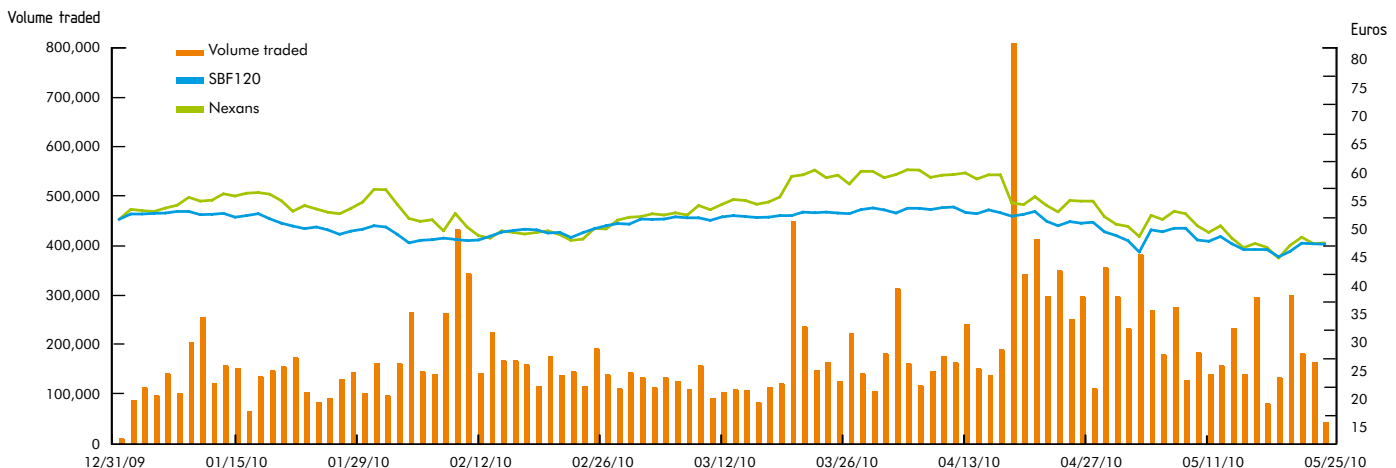
• **Par value** // 1 euro

• **ISIN code** // FR0000044448

• **Where listed** // NYSE Euronext Paris

• **Compartment A**

• **Nexans is included in the SBF 120 index**



Shareholder breakdown (estimate at March 31, 2010)



■ Madeco (Chile): 9.2%

■ FSI (France): 5.2%

Institutional investors:

■ France: 15%

■ UK and Ireland: 15%

■ Other Europe: 13%

■ North America: 28%

■ Rest of the World: 1%

■ Employee and individual shareholders: 14%

Shareholders' diary

• **July 28, 2010** // 2010 half-year results

• **December 2, 2010** // RENNES Information meeting for individual shareholders*

*Provisional date, subject to change.

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