OUR ACTIVITIES IN 2006*

GROWTH AND EXPANSION

Against a backdrop of soaring raw materials and energy prices, Nexans secured its global leadership position in the cable industry and boosted its operating and financial performance.

The Group stepped-up its manufacturing improvement program, continued to grow sales aggressively in the energy sector, anchored its position in several priority market segments, and balanced its geographic footprint with the acquisitions of Olex, the leading cable manufacturer in the Asia-Pacific region, Confecta, a Swiss maker of high value-added harnesses for the railway industry, and The Valley Group in the United States (in early 2007), a provider of real-time thermal rating technology for overhead power transmission lines, as well as the creation of a joint venture in Japan with Viscas to manufacture high-voltage submarine cables.

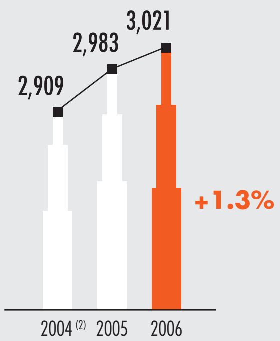
*For comparison purposes, the sales figures given in this section have been calculated at constant metal prices, perimeter, exchange rate and accounting methods.

EUROPE*

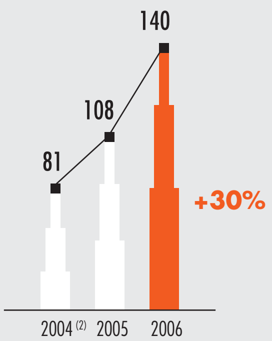
JUMP IN SALES AND PROFITABILITY

68% of Nexans' sales and 54% of its operating margin came from Europe. Sales in the region (11.4% of which were outside France) jumped 8.5% in 2006 at constant perimeter and exchange rates, while the operating margin bounded 38%.

Sales (1)
at constant metal prices
and exchange rates



Operating margin (1)



14,372 EMPLOYEES
PLANTS IN 17 COUNTRIES
SALES: +8.5% AT CONSTANT PERIMETER AND EXCHANGE RATES

ECONOMIC CLIMATE

Low-voltage cables for the building market enjoyed robust demand across Europe, especially in France, Spain, and all the Nordic countries.
Strong demand for power cables, most notably for industry and infrastructure, largely offset sluggish sales in the Telecom network business.
Nexans also benefited from medium- and high-voltage power network expansions related to a higher level of cross-border connections between countries. Sales of submarine and umbilical cables were driven by large interconnection projects and a dynamic oil and gas market, while sales of industry cables and harnesses also picked up throughout the region.

IMPROVED PERFORMANCE

Europe had a very good year 2006 in terms of sales and profits. The region benefited from a favorable economy, which fuelled both domestic and international markets, more efficient, productive manufacturing and logistics operations, and structured sales efforts, especially those targeted towards Nexans' priority segments that were chosen for their growth potential and high margins.
In January 2006, Nexans sold its distribution business in Switzerland for a gain of 149 million euros as part of its strategy to focus on its core businesses.
Necessary capacity and productivity investments were made, along with restructurings at manufacturing sites in France, Belgium and the United Kingdom. 48 million euros were provisioned in 2006 for the restructurings, and 112 million euros were spent to support the strong demand for high-voltage, medium-voltage, and umbilical cables, as well as developments in the Group's priority market segments.
2006 also saw Nexans complete a targeted acquisition with the purchase of Confecta, a leading Swiss supplier of industrial harnesses for the railway and manufacturing sectors in Europe. Confecta generated revenues of 27 million euros in 2006 and has 180 employees.

ENHANCED MANUFACTURING OPERATIONS AND GREATER CAPACITY

Nexans carried out significant restructuring efforts in 2006. The Group closed a telecommunications cable plant in Opglabbeek, Belgium, and halted catenaries production at a plant in Marseille, France. Railway harness operations at Nuremberg, Germany, were transferred to a site in Hempsdorf, Germany, owned by Confecta, a specialist in these products. The production of LAN cables at Abbey Wood, UK, was successfully transferred to Turkey due to fierce competition from Chinese imports.

Nexans also made significant investments to boost the operating performance of all its plants.

Production capacity was increased in several areas, including automotive cables in Romania, cables for the petrochemical market, and high-voltage submarine and umbilical cables in Norway; capacity at the Halden, Norway, plant will grow by over 50% in 2007.

* Austria, the Baltic States, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Spain, Sweden, Switzerland, the United Kingdom.
(1) In millions of euros. | (2) 2004 data are at 2005 metal price and exchange rates.

In Japan, Nexans acquired a majority stake in a joint venture with Viscas, which will give it access to the Japanese company's high-voltage submarine cable production plant in Tokyo Bay - one of the best-equipped manufacturing facilities in the world for these types of products.

Indeed, to further serve the booming submarine cable market, Nexans made a strategic move by purchasing the cable-laying vessel C/S Nexans Skagerrak. Submarine cable installation is often included in the Group's supply contracts, and there are only two ships in the world that can do this profitably while meeting technical specifications. Now that Nexans now owns rather than leases one of them, it is even-better-positioned to profit from the expected market growth.

NEW RECORDS IN HIGH-VOLTAGE SUBMARINE CABLES

In 2006, Nexans' Halden plant saw record orders from Europe, the USA, Africa, the Middle East, and China. The year was once again filled with worldwide technological breakthroughs in high-voltage submarine cables.

One of Nexans' innovations was Uflex, a state-of-the-art software package that allows its engineers to accurately predict the stress and fatigue behavior of the complex umbilical cables that they design and install for oil and gas fields.

ROBUST SALES FOR THE BUILDING MARKET AND POWER DISTRIBUTION NETWORKS

Sales of medium-voltage cables and accessories for power distribution networks continued to climb in 2006, and Nexans made substantial logistics improvements in order to better use its full production capacity to supply several countries. For example, Sweden, which is in the process of burying its power lines following the large storm in January 2005, was supplied by Nexans manufacturing sites in Norway, France, Switzerland, Italy, and Greece. In the United Kingdom, utilities are upgrading their medium-voltage power networks ahead of the 2012 Olympic Games.

Sales of low-voltage cables for the building market rose sharply on higher volumes combined with favorable prices.

STRONGER MARKET POSITION IN SPECIAL CABLES

Nexans' special cables, manufactured in Germany, France, Switzerland, and Sweden, had an excellent year thanks to positive momentum in many strategic segments, including oil and gas, nuclear power, material handling, robotics, automotive, shipbuilding, railway, and fire safety.

In fact, in the area of fire safety, Nexans is already prepared for the new European Commission Construction Products Directive (CPD), which will set new fire reaction and fire-resistance standards for all cables. In 2005, the Group launched a new range of halogen-free cables with improved fire reaction properties, ALSECURE®, and a range of fire-resistant cables that ensure the continued operation of safety systems during emergency conditions, ALSECURE® PLUS. These new products were introduced in France, Benelux, Spain, Denmark, and Sweden. In 2006, a customized range of ALSECURE® cables was developed for and launched in the United Kingdom, which has a particularly strong yet demanding market for safety cables.

OUTLOOK

Going forward, Nexans will be able to rely on manufacturing facilities optimized to serve the major European markets, an extensive range of products and services, and a proactive sales organization ready to seize the many opportunities offered by an enlarged Europe and export markets.

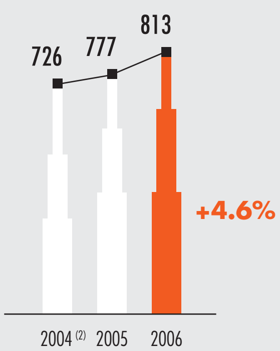
Several capacity increases are either underway or planned within the next three years to supply the surging demand, whether it be for high-voltage submarine and umbilical cables in Norway, power accessories in Germany, or special cables and harnesses in Eastern Europe. Nexans also plans to increase its production capacity for halogen-free materials and copper recycling.

NORTH AMERICA*

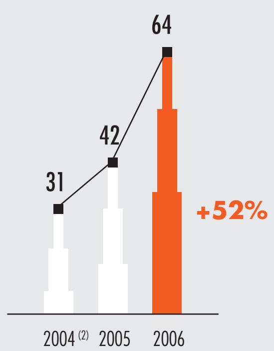
HEALTHY RESULTS FROM ALMOST ALL ACTIVITIES

North America accounts for 18.3% of Nexans' sales and 24.6% of its operating margin. At constant perimeter and exchange rates, sales increased by 4.7% in 2006, and the operating margin improved by 48%.

Sales (1)



Operating margin (1)



1,960 EMPLOYEES
PLANTS IN 3 COUNTRIES
SALES: +4.7 % AT CONSTANT PERIMETER AND EXCHANGE RATES

ECONOMIC CLIMATE

In 2006, Nexans benefited from a buoyant economy across North America. The power network business in Canada in particular had a solid year. However, the Group's electrical wires business was hurt by a slowdown in North American demand in the second half.

The buildings business in the US also posted a weak second half, although prices remained high. Demand in the shipbuilding and aerospace market segments held up well, while that for power cables grew substantially thanks to transmission and distribution network upgrades and large interconnection projects between the United States and Canada.

In the telecom business, Nexans enjoyed healthy demand which helped drive sales of its high value-added LAN cables.

A VERY GOOD YEAR

All of Nexans' North American businesses posted solid results in 2006, except for electrical wires. In power cables, profitability increased substantially.

Sales also pushed ahead in low-voltage cables for the building market, despite a dip in volumes in the second half. However, local network cables saw overall sales decline, although sales of higher value-added products climbed and helped lift profits. The LAN optical fiber cables business continued to push ahead and improve profitability through the use of new manufacturing technologies. In shipbuilding and aerospace market segments, sales leapt 12% in the face of stiff competition. Sales of high-technology cables made in Nexans' European and Asian plants exceeded 80 million euros; these products are destined primarily for the petrochemical industry, shipbuilders, power utilities, and robotics applications.

INCREASED PRODUCTION CAPACITY

Nexans installed a new production line to manufacture aerospace cables for Airbus at its Elm City plant in North Carolina. The Group will also able to offer a wider range of residential and industrial building cables, thanks to investments made in 2005 and 2006 at its Fergus, Canada, and Chester, USA, plants.

OUTLOOK

The outlook for the North American market remains buoyant, and Nexans plans to strengthen its position in the region. The Group plans to focus on supplying cables for power networks, as energy utilities will be making sizable investments in the near future to upgrade their distribution and interconnection grids so as to comply with the 2005 Energy Act.

Sales of cables for telecom Local Area Networks should continue to climb and shift towards higher-end products offering advanced bandwidth.

In 2007, Nexans will finally reap the benefits of the capacity enhancements it undertook in 2005 and 2006 that were aimed to expand the range of residential and industrial building cables it sells in the North American market.

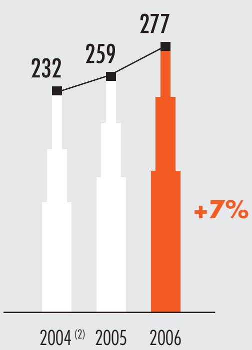
* Canada, the United States, Mexico, Central America, and the Caribbean. | (1) In millions of euros. | (2) 2004 data are at 2005 metal price and exchange rates.

ASIA - PACIFIC*

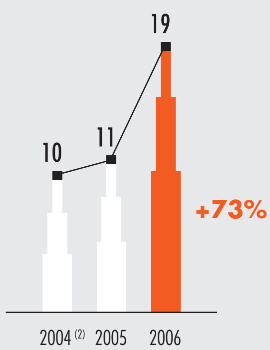
A SURGE IN PROFITABILITY AND A GREATER PRESENCE

Not including the Olex acquisition**, the Asia-Pacific region accounted for 6.3% of Nexans' sales and 7% of its operating margin in 2006. At constant perimeter and exchange rates, sales in the region grew 6.3% and the operating margin grew by 62%.

Sales (1)



Operating margin (1)



2,459 EMPLOYEES
12 PLANTS IN 5 COUNTRIES
SALES: +6.3 % AT CONSTANT PERIMETER AND EXCHANGE RATES

ECONOMIC CLIMATE

The developing Asian economies continued to grow at a healthy pace, which translated into strong demand for cables in all markets amid fierce competition. However, Nexans could not benefit fully from this positive climate due to difficulties in offsetting the higher copper prices, particularly in China and Vietnam. In the developed countries, Australia saw continued hefty investments in telecoms, industry, buildings, and power networks.

DOUBLED PRESENCE IN THE REGION

Nexans' production sites in China, Korea, Japan, and Vietnam export to other ASEAN countries, Australia, Oceania, and Eastern Russia. The Group strengthened its manufacturing and sales resources in the region with the purchase of Olex, the leading power cable maker in Australia and the Asia-Pacific, and a new joint venture formed in Japan with Viscas to manufacture high-voltage submarine cables (Nexans is the majority owner with a 66% stake). Through these strategic transactions, Nexans has doubled its presence in the Asia-Pacific. In addition, the Group reinforced its manufacturing operations in Vietnam by opening a third plant, jointly-owned with another company, to make low- and medium-voltage power cables, and industrial and equipment cables.

THE HIGH VALUE-ADDED CHOICE

In order to face heavy price pressure, Nexans decided to focus on high value-added segments such as shipbuilding, automotive, railway, and telecommunications.

For example, in China, sales of telecom cables for Local Area Networks and special cables skyrocketed, as did sales of shipbuilding and material handling cables manufactured at Nexans' Shanghai plant that opened in 2005.

In Korea, Kukdong Electrical Wires saw robust sales growth in shipbuilding cables, an area where Nexans is a global market leader. Kukdong's other two plants manufacture power cables for buildings and medium-voltage grids, telecom cables, and cables for the booming automotive market.

OUTLOOK

Nexans' sales in the Asia-Pacific region should continue to climb as the Group focuses on high-technology, high value-added products, and leverages its enhanced manufacturing and sales resources following the Olex acquisition and capacity increase in Japan.

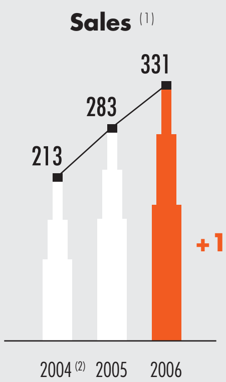
China, which will host the 2008 Olympic Games and 2010 World Expo in Shanghai, is accelerating its investments in all areas including energy distribution, telecommunications, and transportation. The development of high-speed trains, construction and expansion of around 100 airports, and programs in shipbuilding and civil nuclear power all offer significant opportunities for Nexans.

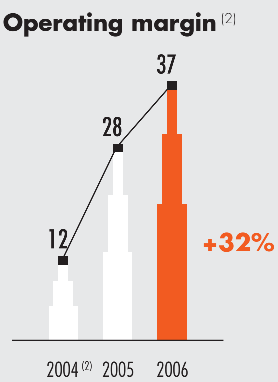
The Group plans to increase its production capacity in China for high value-added telecom and LAN cables, and reinforce its operations in Vietnam for both the domestic and export markets.

*South-East Asia, Australia, China, India, Japan, Korea, New Zealand, Oceania, Vietnam. | ** Olex was consolidated on December 31, 2006.
(1) In millions of euros. | (2) 2004 data are at 2005 metal price and exchange rates.

ENCOURAGING RESULTS IN A RAPIDLY-GROWING REGION

The Rest of the World region accounted for 7.4% of Nexans' sales and 14.2% of its operating margin in 2006. At constant perimeter and exchange rates, sales in the region soared 17% and the operating margin leapt 48%.





2,359 EMPLOYEES
6 PRODUCTION SITES IN 5 COUNTRIES
SALES: +17% AT CONSTANT PERIMETER AND EXCHANGE RATES

ECONOMIC CLIMATE

The Rest of the World region comprises South America, Africa, the Middle East, Russia, and the Former Soviet Republics. Many countries in this region contributed to Nexans' revenue growth in 2006, including Morocco, Turkey, and Lebanon. The abundant oil and gas resources owned by countries in the Middle East and Central Asia have enabled them to accelerate their industrialization efforts and energy and communications network interconnections – large projects in which Nexans is actively involved.

STEPPED-UP CAPACITY IN MOROCCO, TURKEY, AND BRAZIL

Sales in Morocco skyrocketed, fuelled by vibrant demand for power transformers and cables for energy networks, buildings, and automotive - all areas in which Nexans has stepped-up its manufacturing capacity.
In Turkey, production multiplied following the transfer of operations from the UK and Ireland, while sales proved robust thanks to dynamic residential and export markets. The Group also made capacity investments for energy cables.
Nexans continued to enrich its product offer in Brazil. The manufacture of copper power, building, and industry cables started in early 2007 and will round out the existing production of telecom and aluminum overhead power cables.

REFOCUSED MANUFACTURING IN LEBANON AND EGYPT

Liban Câbles was able to grow sales and maintain excellent profitability in 2006, despite the political turmoil and war which gripped the country. Its manufacturing facilities were oriented towards producing power cables and special cables for the oil and gas industry. The same transition was made at the ICC plant in Egypt. Exports from Lebanon to the Gulf countries and Russia grew markedly and most of the Egypt plant's exports were sent to Eastern Africa. In 2006 Nexans signed an agreement with East African Cable, whose sales network extends across the entire Great Lakes area.

OUTLOOK

Nexans has considerable potential in these countries, and has focused its operations on the most profitable sectors: energy production and distribution, oil and gas, automotive, railway, and buildings. The Group enjoys sizable market share in each large region, and has made capacity investments and increased their export potential.

The outlook remains positive in South America and Russia, and is especially promising in the Middle East. The six countries of the Gulf Cooperation Council plan to establish a single market by 2008 and a single currency by 2010, and inject 700 billion dollars into their economies between 2006 and 2010**. These investments will be allocated among the hydrocarbon sector, infrastructure development, and real estate.

Meanwhile, Nexans' first plant in Russia for manufacturing power network cables should be up and running by the end of 2007. The Group also plans to enhance its high-performing, competitive manufacturing facilities for the automotive industry in Morocco and for power, petrochemical, and halogen-free cables in Turkey.

* South America, Russia, the Commonwealth of Independent States, Turkey, Morocco, Egypt, Lebanon, the Middle East, Pakistan, South Africa, Ghana, Nigeria.
** Source IMF. | (1) In millions of euros. | (2) 2004 data are at 2005 metal prices and exchange rates.