

Extract from the Board of Directors' Report_

dated March 14, 2001 on the Company's activity for the financial year ended December 31, 2000 and presented to the General Shareholders' Meeting of April 2, 2001 (Free translation from the original French version)

Presentation of the past financial year

The significant events of the 2000 financial year were:

- the change in the corporate name of the company from "Atalec" to "Nexans", as approved by the Ordinary and Extraordinary General Shareholders' Meeting of October 17, 2000, and the resulting modification of its bylaws;
- the transfer of the company's head office to 16, rue de Monceau, 75008 Paris, as approved by the Ordinary and Extraordinary General Shareholders' Meeting of October 17, 2000, and the resulting modification of its bylaws;
- the increase in the registered share capital of the Company and its conversion into euros, subsequent to which the registered capital of the Company is established at 25 million euros and the issue premium at 1,044,039,360 euros. This, and the resulting modification of the bylaws, were also approved by the Ordinary and Extraordinary General Shareholders' Meeting of October 17, 2000;
- the acquisition of virtually all the shares of Cablelec and Vivaltec for the sum of 1,048,398,695 euros, as approved by the Meeting of the Board of Directors dated October 23, 2000;
- Cablelec, whose corporate name has been changed to Nexans Participations, holds the majority of the subsidiaries in France and abroad. Nexans' activities in France are also carried out by Vivaltec, whose name has changed to Nexans France and is held directly by Nexans;
- the setting up within Nexans of a centralized treasury (including interest rates and foreign exchange) for all companies held directly or indirectly by Nexans.

Financial results

The balance sheet, profit and loss statement and the annex containing the accounting methods and rules used for the year ending December 31, 2000 will be communicated to you. The accounting rules and methods are unchanged by reference to those used in the preceding years.

These documents confirm that:

- Nexans has no employees;
- Nexans has no trading activity and therefore made no sales for the year ending December 31, 2000;
- the net income results essentially from financial income of 28.8 million euros, which consists primarily of the dividends paid by Nexans France and Nexans Participations, totalling 27.5 million euros;
- income tax for the year amounts to 956,821 euros and the net income is 27.8 million euros.

Balance sheet

In view of the net income for the year, Nexans' equity at the close of the accounts amounts to 1,097 million euros. The net cash and cash equivalents at the end of the financial year is 46.1 million euros.

Progress made or problems encountered

In view of Nexans' activity as a holding company and the nature of its net income, there is nothing of significance to report regarding progress made or problems encountered during the year ending December 31, 2000.

Research and Development

As Nexans is a holding company, it has no Research and Development activities.

Dividends paid for the last three years and the corresponding tax credit

No dividends have been distributed over the last three financial years.

Table showing the income of Nexans for the last five financial years

This table is reproduced in note 8 to the company accounts.

Foreseeable development and future prospects of the Company

Nexans is the holding company of a group newly created in 2000 and separate from the rest of Alcatel. This Group has a coherent range of business activities that are representative of its leading positions on its specialist markets: infrastructure cables (low, medium and high voltage cables and accessories for electricity companies, telecommunication cables—predominantly copper—for large operators), cables for industry (special cables for OEM) and the building sector (low voltage power cables and private telecom network cables).

In its role as a holding company, Nexans must pursue its cost management policy to enable the Group to maintain and strengthen its position on its markets while at the same time grasping new commercial opportunities that present themselves.

Important events occurring between close of the financial year and the date of writing of this report

No significant events concerning Nexans occurred between the close of the financial year and the date of writing of this report on Nexans. However, its subsidiary, Nexans Participations, took a 51% share in the capital of Daesung Cable, a Korean company quoted on the Korean Stock Exchange.

Shareholding

At the close of the financial year, 99.99% of the Company's capital is held by Alcatel.

Employee shares

The employees have no shares in the registered capital of the Company.

Composition of the Board of Directors

Certain changes have occurred in the Board of Directors of our Company:

- Mr Frédéric Vincent has been appointed director in place of the Compagnie Générale d'Électricité (CGE) which resigned;

- Mr Jean-Pascal Beaufret has been appointed director by cooption in place of the Société Immobilière Kléber Lauriston (SIKL), which resigned;
- Mr Thierry de Loppinot has resigned from his office as director;
- Mr Gérard Hauser has been appointed director;
- the new members of the Board of Directors have appointed Mr Gérard Hauser to the position of Chairman and CEO in place of Mr Thierry de Loppinot.

These changes were approved by the General Shareholders' Meeting of October 17, 2000. The Compagnie Immobilière Méridionale maintains its office of director.

Acquisitions of shares

As was mentioned earlier, during the past financial year Nexans acquired virtually all the shares of the companies Cablelec (renamed "Nexans Participations") and Vivalec (renamed "Nexans France") for the sum of 1,048,398,695 euros, acquisitions authorized by the Nexans Board of Directors' meeting of October 23, 2000.

The activity of the subsidiary company Nexans Participations consists in the acquisition of direct or indirect interests or holdings in French or foreign company. As such, we inform you that at the present time Nexans Participations has shareholdings exceeding 10% in the following companies on French territory: "Nexans Wires" (approximately 99%), "Alsafil" (approximately 99%), "Société Lensoise du Cuivre SA" (approximately 99%), "Tréfileries Laminoirs de la Méditerranée" (approximately 99%), "RIPS" (approximately 99%), "Eurocable" (approximately 99%), and "Nexans Interface" (approximately 99%).

Nexans France is engaged in the manufacture and sale of wires and cables of all types. Nexans France currently has shareholdings exceeding 10% in the following companies on French territory: "Groupement d'Importation des Métaux SA" (approximately 45%) and "SCI Telimm" (approximately 99%). Nexans does not have any cross shareholdings.

Activity and incomes of Nexans, its subsidiaries and affiliated companies, per branch of activity

The Nexans Group was created in 2000 further to the Alcatel group's strategy of recentring on its core activities, and groups together the activities conducted by the "Electrical Wires" and "Power Cables" divisions of Alcatel's "Energy" business since 1996, along with part of the "Telecom Products" and "Components" divisions of the Alcatel's "Telecom Components" segment. After this re-organization, Nexans is now a subsidiary that is legally independent of the rest of the Alcatel group, and has a coherent range of business activities that are representative of its leading positions on its specialist markets: infrastructure cables (low, medium and high voltage cables and accessories for electricity companies, telecommunication cables (predominantly copper) for the large operators, cables for industry (special cables for OEM) and the building sector (low voltage power cables and private telecom network cables).

As a result of these operations, Nexans is at the head of a group whose consolidated net sales for the financial year 2000 total 4,783 million euros and groups together the activities conducted since 1996 by the "Electrical Wires" and "Power Cables" divisions of Alcatel's "Energy" segment, along with part of the "Telecom Products" and "Components" divisions of Alcatel's "Telecom Components" segment.

Working in this new framework, the year 2000 enabled the Group to strengthen its positions on its target markets, to continue and consolidate a large number of industrial streamlining actions initiated in the past, and to restore profitability and healthy prospects for its "Energy" sector, marked by a contrasting world economic climate.

Electrical wires

Net sales of the "Electrical wires" Division increased by 16%, representing 1,095 million euros at constant copper price, compared with 945 million euros in 1999.

The sustained growth of winding wire activities in Europe compensated for the slowdown of demand in North America and the cost of starting up this activity in China.

Energy

The "Energy" activity registered a 38% increase, with an income from operations of 63.4 million euros in a context where volumes remained globally stable—net sales of 2,062 million euros, equivalent to that of 1999 at constant copper price—and raw material prices were high.

The "High voltage cables and associated accessories" activity is still suffering from the weak demand for land-based projects, while the "Umbilical and Undersea Cables" activity is showing signs of recovery;

The "Medium and low voltage cables" activity experienced a varied year with a slight drop in sales prices in the European market while volumes remained globally stable, and a reasonable development in the North American market justified the launching of substantial investments in medium voltage cables in Canada.

Telecom

Net sales for the "Telecom" activity increased by almost 7% in 2000, reaching 875.9 million euros, compared with 821 million euros in 1999 (at constant copper price).

Favourable market conditions in the "Copper telecommunication cable networks" sector resulted in an increase in net sales, demonstrating the positive effect produced by the industrial restructuring of resources.

Similarly, the "Fibre cables network" activity saw an increase in net sales.

The "LAN data cables" activity also saw a significant increase in sales, which amounted to 364 million euros. The year 2000 was marked by the streamlining of the North-American production sites with the grouping of all LAN cable production on the New Holland site (PA).