

# Corporate governance

## Composition of the Board of Directors <sup>(1)</sup>

	Number of Nexans shares held	Date of appointment and term expiration	Other directorships and equivalents
<b>Gérard Hauser</b> , 62 years old, CEO <i>16 rue de Monceau, 75008 Paris</i>	3,352	October 17, 2000 (date first appointed) / 2007 AGM*	Member of the Board of Directors of Alstom, Faurecia, Aplix and Electro-Banque
<b>Gianpaolo Caccini</b> , 65 years old, Chief Operating Officer of the Saint-Gobain Group until March 31, 2004 and Senior Vice-President of Saint-Gobain Corporation (USA) <i>Les Miroirs, 18 avenue d'Alsace, 92096 La Défense cedex</i>	25	June 15, 2001 / 2007 AGM*	Member of the Board of Directors of JM Huber Corporation (United States)
<b>Georges Chodron de Courcel</b> , 53 years old, Chief Operating Officer of BNP Paribas, member of the Executive Committee <i>3 rue d'Antin, 75002 Paris</i>	29	June 15, 2001 / 2007 AGM*	Member of the Board of Directors of Bouygues and Alstom, Member of the Supervisory Board of Lagardère SA and an observer of SCOR <sup>(2)</sup>
<b>Jacques Garaïalde</b> , 47 years old, Managing Director of KKR (Kohlberg Kravis Roberts & Co. Ltd.) <i>Stirling Square, 7 Carlton Gardens, London SW1Y 5AD, United Kingdom</i>	10	June 15, 2001 / 2007 AGM*	Member of the Board of Directors of Legrand
<b>Patrick Puy</b> , 48 years old, Senior Vice President of Hydro, Power Environment Sector of Alstom and Chairman & CEO of the Italian company Ocean S.p.A <i>Immeuble Octant, 4 avenue André Malraux, 92309 Levallois-Perret cedex</i>	61	June 15, 2001 / 2007 AGM*	
<b>Ervin Rosenberg</b> , 68 years old, Advisor to the President of Compagnie Financière Edmond de Rothschild Banque <i>47 rue du Faubourg Saint Honoré, 75008 Paris</i>	110	June 15, 2001 / 2007 AGM*	Chairman of Compagnie Financière Savoisiennne, Member of the Board of Directors of Thomson SA, Member of the Supervisory Board of Compagnie Financière Edmond de Rothschild Banque, CDC IXIS LCF Rothschild and Ifrah Finance
<b>Jean-Louis Vinciguerra</b> , 60 years old, Director of AKFED (Aga Khan Fund for Economic Development)	50	June 15, 2001 / 2007 AGM*	Member of the Board of Directors of Orange, Wanadoo and Equant
<b>Jean-Marie Chevalier<sup>(3)</sup></b> , 62 years old, Professor of Economics at the University of Paris IX-Dauphine and Director at Cambridge Energy Research Associates (CERA) <i>Place du Maréchal de Lattre de Tassigny, 75116 Paris</i>	20	October 23, 2003 / 2007 AGM*	

### Proposal submitted to the General Shareholders' Meeting of June 3, 2004: appointment of two new Directors

**Colette Lewiner**, 58 years old, Executive Vice-President of the Energy, Utilities and Chemicals GSA (Global Sector and Accounts) of Cap Gemini Ernst & Young  
*Cœur Défense, Tour A, La Défense 4, 110 esplanade du Général de Gaulle, 92931 Paris La Défense*

**Yves Lyon-Caen**, 54 years old, Member of the Board of Directors and Chief Operating Officer of Béri 21 (holding company of Bénéteau SA), Chairman of the Supervisory Board of Sucres & Denrées.  
*20 rue de la Ville l'Évêque, 75008 Paris*

\* At the close of the General Shareholders' Meeting convened to consider the financial statements for the financial year ending December 31, 2006.

(1) The following information is given as of March 31, 2004.

(2) Also a member of the Supervisory board of SAGEM as from April 21, 2004.

(3) The appointment of Jean-Marie Chevalier as a Director, to replace Robert Mahler who resigned, was decided at the Board of Directors' meeting of October 23, 2003. The General Shareholders' Meeting of June 3, 2004 will be asked to ratify his appointment.

# Board of Directors and Committees

**Since its listing on the stock exchange, Nexans has adopted a number of rules relating to corporate governance with a view to ensuring transparency of information with respect to both its Directors and its shareholders.**

**During the second half of 2003, drawing on both the Bouton Report and the combined Viénot-Bouton Report, Nexans strengthened its rules of best practice in corporate governance, in particular, by adopting internal Regulations and a Directors' Charter (see the Chairman's Report starting on page 108).**

The Board of Directors currently has eight members. They come from diverse backgrounds and were selected for their expertise and experience in industry, banking or consultancy, enabling them to give informed opinions and advice in the best interests of the Company.

None of the members in office is an employee or member of the management team of the Company or an employee, Company officer or member of the management team of any Group company, with the exception of Gérard Hauser. None of them has been in office for more than twelve years. No category of shareholder is represented on the Board of Directors, and no director is elected by the employees. The Board of Directors has followed the recommendations of the Combined Viénot-Bouton Report of June 2003 and, at its March 12, 2004, meeting, based on the report issued by its Appointments & Compensation Committee, reviewed the situation of each of its members with regard to the criteria governing independence defined in the Report and taken up in its Rules & Regulations. The latter specifies in particular that, in the Group's relations with businesses and banks in which one or more of its directors have interests, the assessment of their degree of independence is based on the proportion of revenues, fixed at 10%, derived from such businesses or the proportion of business given to partner corporate and investment banks. The aim is to determine whether these relationships are of an importance and nature such that they could affect the independence and freedom of judgment of the directors concerned. Based on these criteria, the Board of Directors considered that Gianpaolo Caccini, Jacques Garaialde, Jean-Louis Vinciguerra, Jean-Marie Chevalier, Patrick Puy and Ervin Rosenberg should be considered as independent directors. The other directors were considered by the Board of Directors as not being independent:

Gérard Hauser, in view of his position as Chairman & CEO of the Company and Georges Chodron de Courcel, owing to

his position within BNP Paribas which is one of the banks the Group uses for everyday banking transactions.

Six out of eight directors are therefore independent, representing more than half the Board members, in line with the recommendations of the Viénot-Bouton Report.

The General Shareholders' Meeting of June 3, 2004 will be asked to consider an amendment to the Company's articles of association, to fix the term of office for directors appointed after January 1, 2004 at 4 years.

## Executive management

Pursuant to the French law of May 15, 2001 relating to new economic regulations, the Nexans Board of Directors decided on June 25, 2002 not to separate the roles of Chairman of the Board and Chief Executive Officer of the company. Nexans has an Executive Committee made up of senior executives in charge of clearly defined areas of activity and functions (see page 9).

## Appraisal of the Board of Directors

The Board of Directors decided to implement, for the first time in the autumn of 2003, an annual appraisal system to review its method of operation, to ensure that important matters are properly reported, dealt with and debated during meetings. The system has been implemented on the basis of a detailed questionnaire, approved by the Board and sent to all the directors. The questionnaire should assess the composition of the Board, the frequency of meetings, the relevance and quality of the information provided to it, the support provided by the Committees, and the amount of interaction when discussing points on the agenda to be evaluated.

Based on a summary of the responses to the questionnaire, the Board, at its March 12, 2004 meeting, reviewed its own composition, the organization of its work and its operation, and decided on further action to be taken, as follows:

- a change into the annual timetable of meetings;
- additional information that the Board would like to receive, relating in particular to the audit plan and the valuation criteria used by stock market traders;
- the organization of an annual meeting dedicated specifically to presenting the Group's strategy, followed by a discussion.

Two specialized committees were set up by the Board of Directors on July 4, 2001, who determined how they would function and what

## Board of Directors and Committees (cont.)

their objectives would be: the Accounts Committee and the Compensation Committee, which in 2003 became the Appointments & Compensation Committee (see details of the composition and functioning of these committees in the Chairman's Report, pages 109 and 110).

### Report of the activities of the Accounts Committee in 2003

The Committee met twice in the 2003 financial year. During 2003, the Accounts Committee examined the consolidated financial statements and interviewed firms for the office of second auditor. The progress report on the internal audit plan and the audit plan for 2003-2004 was presented to it. Lastly, it examined the new asset amortization and depreciation policy and the procedure for recognition of deferred tax assets.

### Report of the activities of the Appointments & Compensation Committee in 2003

The Committee met four times in 2003. It gave its opinion on:

- the calculation of the fixed part of the Chairman & CEO's compensation,
- the guidelines for calculating the variable portion of the Chairman and CEO's compensation and the setting of his objectives for 2003,
- the setting up of an additional retirement plan for senior executives,
- the adoption of a new stock option plan and the beneficiaries of the options granted,
- the proposal to co-opt a new director.

For information on the report of the activities of the Board of Directors in 2003, see the Chairman's Report, page 108.

### Directors' interests and compensation

The Combined General Shareholders' Meeting of June 25, 2003 decided to increase the Directors' fees from 200,000 to 300,000 euros per annum until such time as a further decision is made, effective from the financial year beginning January 1, 2003.

The procedure for setting and allocating Directors' fees laid down by the Board of Directors includes a fixed portion and a variable portion based on Board meeting attendance and participation in committees. Directors' fees are allocated as follows:

- all Directors, including the Chairman, receive a fixed payment of 15,000 euros;

- all Directors, including the Chairman, receive an additional 2,000 euros for each Board meeting they attend, up to a maximum of 10,000 euros per Director;
- the members of the Accounts Committee receive 3,000 euros per meeting, up to a maximum of 6,000 euros per annum;
- the members of the Appointments & Compensation Committee receive 4,000 euros per annum for their services.

Directors' fees for the 2003 financial year amounted to 232,000 euros, broken down as follows:

Georges Chodron de Courcel and Jean Louis Vinciguerra received 31,000 euros; Ervin Rosenberg and Patrick Puy received 29,000 euros; Gérard Hauser, Gianpaolo Caccini and Jacques Garaialde received 25,000 euros; Robert Mahler received 18,000 euros, Bertrand Durrande\* 13,000 euros and Jean-Marie Chevalier 6,000 euros. These Directors' fees were paid to Board members in 2004.

In addition, Patrick Puy received 110,000 euros for the 2003 financial year in respect of his role as industrial and commercial advisor on the project for the takeover of Alstom's Transmission & Distribution business.

### Chairman's compensation

The Chairman and CEO's total gross compensation in 2003, before tax and including benefits in kind and directors' fees, amounted to 1,223,072 euros (DADS basis).

The components of his compensation have evolved as follows:

	2002	2003
Reference salary	686,000 euros	750,000 euros <sup>(1)</sup>
Variable compensation	411,600 euros	562,500 euros
Directors' fees	20,000 euros	25,000 euros
Benefits in kind	2,378 euros	2,213.50 euros

<sup>(1)</sup> The reference salary was increased to 750,000 euros, effective from March 1, 2003.

For the 2003 financial year, 60% of the variable compensation was based on quantitative objectives (operating income, sales, working capital requirements and cashflow). The remaining 40% was determined on the basis of a qualitative assessment.

The Chairman and CEO benefits from the additional retirement plan set up for the Group's senior executives.

\* Resigned on April 4, 2003.

# Executive Committee

**Gérard Hauser**

Chairman and CEO



**Michel Lemaire**

Executive Vice-President,  
North America/Asia area



**Yvon Raak**

Executive Vice-President,  
Europe area



**Bruno Thomas**

Executive Vice-President,  
Rest of the World area



**Véronique Guillot-Pelpel**

Senior Corporate  
Vice-President, Communications



**Pascal Portevin**

Executive Vice-President,  
Strategic Operations



**François Saint-Dizier**

Senior Corporate Vice-  
President, Human Resources



**Frédéric Vincent**

Chief Financial Officer