

**COMMERCIAL PAPERS ISSUANCE
PROGRAM
ANNUAL AND OCCASIONAL UPDATE OF THE
INFORMATION NOTE FOR FISCAL YEAR 2011
WITH CEILING INCREASE**

.....
**Former ceiling: 250 000 000 MAD
New Program Ceiling: 300 000 000 MAD**

Face Value: 100 000 MAD



ADVISOR



PLACEMENT AGENT

Approval of the *Conseil Déontologique des Valeurs Mobilières*

Pursuant to the provisions contained in article 18 of the Dahir n° 1-95-3 dated 26 January 1995 promulgating the Law n° 35-94 relative to certain negotiable debt securities, the original copy of this Information was submitted to the CDVM (Moroccan Securities Regulator), which had approved it under reference n° **VI/EM/026/2012** on 23/07/2012.

The approval of the CDVM implies neither an approval of the opportunity of the transaction, nor authentication of the information submitted. It has been attributed after review of the relevance and consistency of the information provided, in anticipation of the transaction proposed by the investors.

On 23/07/2012, the Conseil Déontologique des Valeurs Mobilières (CDVM) has approved an Information Note relating to the annual and occasional update of the commercial paper issuance program of Nexans Maroc for a ceiling of 300 000 000 MAD.

The Information Note approved by the CDVM is available at any time at the Head Office of Nexans: Boulevard Ahl Loghlam, Sidi Moumen, 20 400 Casablanca as well as at its financial advisor's – Crédit du Maroc – office: 48-58 Boulevard Mohammed V, Casablanca.

It can also be made available within a maximum period of 48 hours at order-collecting bodies represented by the branches of Crédit du Maroc.

I. Introduction to the Transaction

1. CHARACTERISTICS OF THE COMMERCIAL PAPERS

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|--|---|
| ▪ Program Ceiling | MAD 300 000 000 |
| ▪ Unit Face Value | MAD 100 000 |
| ▪ Legal Nature | Dematerialized commercial papers through registration with Maroclear, the Central Depository and entered into the books of authorized affiliates. |
| ▪ Form of Securities | To bearer. |
| ▪ CP maturity | To be determined at each issuance, ranging from 10 days to 1 year. |
| ▪ Entitlement | Date of settlement. |
| ▪ Interest rate | As per the time of issuance, depending on market conditions. |
| ▪ Interest-bearing method | Postpaid. |
| ▪ Payment of the coupon | In fine, that is at maturity of the Commercial Papers (CP). |
| ▪ Repayment of the principal | Bullet repayment, i.e. at CP maturity. |
| ▪ Guarantee | There is no guarantee for the issuance of CPs. |
| ▪ Assimilation clause | The commercial papers issued are not assimilated to any earlier issued securities. |
| ▪ Rank / Subordination | The CPs issued by Nexans Maroc rank pari passu and equally with all other debts of Nexans Maroc, whether current or future, unsecured and time-bound. |
| ▪ Negotiability of papers | Freely and privately negotiable papers with the underwriting network |
| ▪ Outstanding CPs as at 6/12/2012 | 250, 000,000 MAD |

2. PURPOSE OF THE TRANSACTION

The issuance of commercial papers for a ceiling of 300 million Dirhams will enable Nexans Maroc S.A. to optimize short-term cash flow financing costs and address its rising working capital requirements, in light of its business growth.

3. Subscription period

Whenever the issuer has cash flow needs, CDM will carry out the opening of the subscription period no later than 72 hours before the entitlement date.

4. Investment syndicate – Financial intermediaries

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| ▪ Advisor and global coordinator | Crédit du Maroc |
| ▪ Investment body | Crédit du Maroc |
| ▪ Issuance agent | Crédit du Maroc |
| ▪ Body in charge of financial services | Crédit du Maroc |
| ▪ Central Depository | Maroclear |

II. Information on the Issuer

1. Activity

Nexans Maroc offers a wide range of cables and electrical equipment. Its products may be grouped into four major families: cables, with 66% of its turnover, transformers with 12% of sales figures, 5% for electric cells and 17% for distribution activities. It should be noted that Nexans Maroc has earlier sold the battery-manufacturing activity to ALMA BAT; the sale transaction took place in March 2010.

Changes in the breakdown of the current metal sales turnover consolidated by business for the period 2009-2011

Breakdown of turnover consolidated by business	2009		2010		2011	
	In MDH	en %	In MDH	en %	In MDH	in %
Batteries	114	8%	20	1%	-	0%
Cables	931	64%	1 174	72%	1 179	70%
Electric cells	75	5%	58	4%	88	5%
Transformers	201	14%	211	13%	223	13%
Sundry sales (wastes)	12	1%	16	1%	19	1%
Nexans Maroc Turnover	1 331	91%	1 479	91%	1 509	90%
Others (Subsidiaries)	132	9%	152	9%	170	10%
Total	1 463	191%	1 631	100%	1 679	100%

Source: Nexans Maroc

Changes in the breakdown of the current metal sales turnover consolidated per local and export activities for the period 2010-2011

Breakdown of turnover per business in MDH	2010			2011		
	Local	Export	%	Local	Export	%
Batteries	20	0	1,2%	0	0	0,0%
Cables	922	252	72,0%	814	251	63,4%
Electric cells	48	10	3,6%	71	13	5,0%
Transformers	140	71	12,9%	187	32	13,0%
Sundry sales (wastes)	16	0	1,2%	19	0	1,4%
Nexans Maroc Turnover	1 146	333		1091	296	
Others (Subsidiaries)	152	0	9,3%	291	1	17,4%
Total	1 298	333	100%	1382	297	100%

Source: Nexans Maroc

1.1 Client sectors

The products of Nexans Maroc are intended for a number of sectors: transport and distribution of energy, telecommunications, aeronautics, automotive industry, railways ...

Infrastructures

▪ **Energy transport**

Typology of products	<ul style="list-style-type: none"> ▪ Bare and insulated power cables; ▪ Power transformers ; ▪ Control cabinets.
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For this network, Nexans Maroc provides all aluminum alloy cables up to section 570 mm², thereby meeting ONE (Moroccan National Electricity Board) requirements, ranging from 60KV to 400KV.

Moreover, thanks to its broad range of power transformers reaching up to 50 MVA and the development of control cabinets, Nexans Maroc is a leading provider of energy transport stations.

▪ **Energy distribution:**

Typology of products	<ul style="list-style-type: none"> ▪ Distribution transformers; ▪ Electric cells ; ▪ Low voltage overhead distribution cables ; ▪ Medium voltage cables for underground systems ; ▪ Range of particularly innovative connection accessories from Nexans Interface.
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In the delivering stations, the mains in Morocco use the distribution transformers and the electric cells of Nexans Maroc manufactured under license from SCHNEIDER.

Nexans Maroc also manufactures low voltage overhead distribution cables, like cables of the NFC 33-226 (S26) standard for the medium voltage underground systems.

Building

Typology of products	<ul style="list-style-type: none"> ▪ Equipment cables of the H07, RVFV, R2V... families
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Equipment cables of the H07, RVFV, R2V... families are used in the building sector.

Industry

Typology of products	<ul style="list-style-type: none"> ▪ Equipment cables of the H07, RVFV, R2V... families ▪ Distribution transformers; ▪ Electric cells ; ▪ Automotive cables ; ▪ Aeronautic cables.
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Equipment cables of H07, RVFV, R2V... families are used in industrial and tertiary projects.

Furthermore, Nexans Maroc provides wire harness manufacturers with a broad range of products designed to meet the requirements of automotive manufacturers (Fiat, PSA, Renault, Volkswagen, SAAB). These products are further completed by distribution transformers and a variety of electric cells proposed by Nexans Maroc. Nexans Maroc product line was further broadened with the launch of the « Aeronautic cables » line in 2009-2010.

Telecommunications

Nexans Maroc is the leading underground and above-ground telephone cable manufacturer in the Kingdom. It meets the highest national and international standards.

2. Shareholding structure

Nexans Maroc is a publicly-traded company since 1983. As at 30 June 2012, the main shareholders are:

Name/First name or corporate name	Number of stocks	% of shareholding	Corresponding capital	% of voting rights
Nexans Participations (France)	1 875 328	83,59%	187 532 800	83.59%
Atlanta	39 972	1,78%	3 997 200	1.78%
Floating stock	328 220	14,63%	32 822 000	14.63%
Total	2 243 520	100,00%	224 352 000	100,00%

Source : Nexans Maroc S.A.

3. Legal organization chart

	Net position in KMAD (2011)	Capital 2011 in KMAD	Divid. Paid to Nexans 2011 in KMAD	% participation in 2011	% of voting rights in 2011	Net position 2011 in KMAD	Net Income 2011 in KMAD
SIRMEL 317, Boulevard Oqba Bnou Nafii, Casablanca	12 525,0	15 000	2 502,0	83,50%	83,50%	57 125,0	9 097,0
Tourets et Emballages du Maroc Bd Ahl loughlam, 20400, Casablanca	757,0	2 400	-	99,97%	99,97%	2 453,0	-368,0
SETIM Bd Ahl loughlam, 20400, Casablanca	0,0	150	-	1,33%	1,33%	nc	nc
IMOUKA Bd Ahl loughlam, 20400, Casablanca	85,7	18	-	16,67%	16,67%	nc	nc
Les Câbleries du Sénégal	8 953,6	737 M F-CFA	650,0	18,60%	18,60%	nc	nc
COPREMA Bd Ahl loughlam, 20400, Casablanca	729,8	100	11 928,0	99,40%	99,40%	766,0	-143,0
ALMA BAT Bd Ahl Loughlam, 20630, Casablanca	7 000,0	35 000	-	20,00%	20,00%	nc	nc
MANELERG Bd Ahl loughlam, 20400, Casablanca	49,8	100	-	49,80%	49,80%	nc	nc
CGMB Bd Ahl loughlam, 20400, Casablanca	99,8	200	-	49,90%	49,90%	nc	nc
CGMS Bd Ahl loughlam, 20400, Casablanca	1 470,0	3 000	-	99,99%	99,99%	nc	nc

Source : Nexans Maroc

III. Financial Information

1. Consolidated balance sheet

A S S E T S		Clôture	Clôture	Clôture	Variation	Variation
		31/12/2011 Net	31/12/2010 Net	31/12/2009 Net	12/ 2011 - 12/2010	12/2010 - 12/2009
I	* FIXED ASSETS	234 966	230 359	260 859	4 607	- 30 500
	* Consolidated goodwill	-	-	-	-	
	* Intangibles assets	1 641	1 911	2 146	- 270	- 235
	* Tangible assets	211 366	206 495	243 345	4 871	- 36 850
	* Long term investments	21 959	21 953	15 368	6	6 585
	* Investments in equity affiliates	-	-	-	-	-
II	* CURRENT ASSETS	1 147 606	1 130 894	1 094 618	16 712	36 272
	* Inventories & Work in progress - Net	223 354	244 173	239 654	- 20 819	4 519
	* Receivables & Related accounts - Net	740 901	667 290	648 061	73 611	19 229
	* Other accounts receivables & accruals	183 349	203 053	151 413	- 19 704	51 640
	* Marketable securities	2	16 378	55 490	- 16 376	- 39 112
III	* CASH IN HAND	54 139	2 429	7 141	51 710	- 4 712
	Total assets	1 436 711	1 363 682	1 362 618	73 029	1 064

LIABILITIES		Closing 31/12/2011 Net	Closing 31/12/2010 Net	Closing 31/12/2009 Net	Variation 12/ 2011 - 12/2010	Variation 12/2010 - 12/2009
I	* STOCKHOLDERS EQUITY (Group share)	695 230	684 274	656 674	10 956	27 600
	* Capital	224 352	224 352	224 352	-	-
	* Premiums		-	-	-	-
	* Reserves & consolidated retained earnings	433 040	405 396	384 326	27 644	21 070
	* Consolidated net result for the year (Group share)	37 838	54 526	47 996	-	16 688
	* Other		-	-	-	-
II	* MINORITY INTERESTS	9 448	8 565	8 759	883	-
						194
III	* PROVISIONS FOR CONTIGENCIES & CHARGES	4 366	4 000	3 400	366	600
IV	* D E B T S	727 667	666 843	693 785	60 824	-
						26 942
	* Loans & Financial liabilities	314 175	230 875	266 988	83 300	-
						36 113
	* Suppliers & trade payables	277 721	282 466	279 867	-	4 745
						2 599
	* Other liabilities, accruals and deferred income	135 771	153 502	146 930	-	17 731
						6 572
Total du passif		1 436 711	1 363 682	1 362 618	73 029	1 064

2. Consolidated income and operating cash flow statements

Nexans Maroc : CONSOLIDATED INCOME & OPERATING CASH FLOW STATEMENT (Excl tax)						(in KMAD)
N A T U R E	Closing	Closing	Closing	Variation	Variation	
	2011	2010	2009			
	31/12/2011	31/12/2010	31/12/2009	Déc./ 11 - Déc./ 10	Déc./ 10 - Déc./ 09	
* Turnover	1 679 313	1 631 984	1 463 335	47 329	168 649	
* Other operating income	8 714	26 131	22 811	17 417	3 320	
* Costs of goods sold	1 298 141	1 276 977	1 109 705	21 164	167 272	
* Wages & fringe benefits	117 256	122 381	125 843	5 125	3 462	
* Other operating charges	114 785	114 388	115 955	397	1 567	
* Taxes & duties	3 021	2 771	2 689	250	82	
* Operating allowances	68 251	52 430	54 331	15 821	1 901	
* Current operating income	86 573	89 168	77 623	2 595	11 545	
* Financial charges & incomes	- 21 404	- 15 276	- 16 537	6 128	1 261	
* Current income from consolidated companies	65 169	73 892	61 086	8 723	12 806	
* Non-recurring incomes and expenses	8 206	5 137	8 905	13 343	3 768	
* Total income taxes (current and deferred)	17 624	23 820	20 606	6 196	3 214	
* Net income from consolidated companies	39 339	55 209	49 385	15 870	5 824	
* Share of results of companies included on an equity	-	-	-	-	-	
* Amortisation of goodwill	-	-	-	-	-	
* Net income of consolidated companies	39 339	55 209	49 385	15 870	5 824	
* minority interests	1 501	683	1 389	818	706	
* Net income (Group share)	37 838	54 526	47 996	16 688	6 530	
* Net income (Group share) per share	16,87	24,30	21,39	7,43	2,91	

IV. Risks

1. Risks related to financial information

The most important identified risks specific to the business of *Groupe Nexans Maroc* are as described in the sections below.

2. Risks related to contractual obligations

The business of Nexans Maroc exposes it to liability claims arising under the manufacturing of products or consecutive to allegations whereby its products may be held liable for damages caused to third parties or to goods.

The potential enforcement of these clauses, in light of the high fines incurred or of claims for damages, or consequential upon the delay in the financial structure of projects, are all likely to have a material negative impact on the financial position and on the earnings of Nexans Maroc.

To mitigate these risks, Nexans Maroc, just like the Group does globally, has developed and implemented a strict monitoring process for the quality of its products.

Starting from 1996, Nexans Maroc obtained ISO 9000 version 94 certification, then ISO 9001 version 2008 and ISO TS 16949 version 2009 certifications for its power and telecom cable-making activities, ISO 9100 version 2009 for aeronautic cables; all such cables are manufactured on the site of Mohammédia.

For its Casablanca site, manufacturing electrical equipment and transformers, Nexans Maroc has obtained ISO 9001 version 2008 certification.

Each of these two industrial sites closely monitors a complete set of indicators on a monthly basis, so as to assess progress in quality and customer satisfaction improvement. Customer satisfaction surveys are led regularly, along with regular quality audits;

Furthermore, major contracts are subject to systematic risk assessment review. Particular attention is also given to raising the sales engineers' awareness on the risks inherent in the sales agreements and the necessary negotiation of market conditions, to be made jointly with Nexans Maroc legal department.

3. Risks associated to customer dependency

As far as customer risk is concerned, Nexans stands out with its highly diverse business lines (energy, telecommunication, automotive cables, aeronautic cables, transformers ...) and with its broad range of end customers (distributors, equipment installers, equipment manufacturers, industrial operators, public operators). As a result, its exposure to become dependent upon one of its customers is therefore reduced significantly.

4. Customer-credit related risks

The customer-credit related exposure of Nexans Maroc enjoys a significant protection owing to the Company's diversification in terms of business lines and customer base.

Among other internal practices geared to mitigate customer-credit risks, Nexans Maroc developed for some of its export-oriented items a set of secure payment solutions (down payment upon order, bank confirmed irrevocable letters of credits...).

As is the case with all other subsidiaries of Groupe Nexans, Nexans Maroc S.A. and its subsidiary SIRMEL have taken out credit insurance with COFACE (French agency for export credit insurance)

Source : Nexans Maroc -Consolidated (in MMAD)	2009	2010	2011
Bad debts of <i>Groupe Nexans Maroc</i>	46,9	51	52
<i>As a total % of trade receivables</i>	6,7%	7,0%	6,5%
<i>As a % of the Turnover STD</i>	3,9%	4,5%	4,2%
<i>Customer allowance</i>	-53	-56	-67
<i>Provisioning rate</i>	113%	110%	129%

Source : Nexans Maroc

The changes in the provisions reflect the fact that the risks of unpaid trade debts are at a relatively stable level, albeit sometimes worrying.

Method used by Nexans Maroc for estimated expense coverage:

- Doubtful customers: 100% provisioning with filing a case with a lawyer following a formal notice to pay.
- Customers involving potential risk (outstanding payments, frequent late payment...): the provision is made according to the level of risk.

5. Raw materials and procurement related risks

Metals (copper, aluminium) and plastics are the main raw materials used by Nexans Maroc. Accordingly, price fluctuations and product availability have a direct bearing on its activities.

To date, Groupe Nexans negotiates and sources its raw materials for all its subsidiaries on a global level. It has always managed to secure adequate supplies at commercially reasonable prices. In the copper sector, a global shortage or supply disruptions could have an adverse impact, even if as a move to mitigate the risk, whenever possible, Groupe Nexans has expanded its supply sources. This situation is in some respects similar for petroleum-based products (PE, PVC, plasticizers...).

The policy adopted by *Groupe Nexans* revolves around having constantly at least two suppliers for every raw material or component used in the manufacturing of products. There nonetheless remain certain isolated cases of single supply source, to which the procurement department pays particular attention, through the constant search of new suppliers and vendors.

Furthermore, and to the extent possible, Nexans Maroc passes on the increases in the prices of raw materials to the selling prices of its products.

6. Risks related to Nexans' current ability to compete

To the extent that a certain number of products (cables, wires and accessories) meet the industrial specifications and requirements and may be interchangeable with the products of its major competitors, Nexans Maroc is subject to strong competitive pressure from Imacab, and since 2004 from MEDICABLE.

The main competitiveness factors in the cable industry are: the quality of customer relations, the availability of products, the quality of service, the geographical coverage, the range of products offered, the specific features of products, along with the capacity to generate regular cost savings.

On the segment of « transformers », the competitive pressure increased since 2010, with the entry of new operators, specializing in the production of distribution transformers.

Given this particular context, Nexans Maroc must continuously invest and improve its performance in order to maintain its competitive edge in some business segments. Besides, Nexans Maroc builds on the Group's advantages in the field of R&D, to differentiate itself from its competitors. *Groupe Nexans* has 10 targeted competence centers (metallurgy, plastic...) working in close cooperation with the Group's manufacturing facilities located worldwide.

7. Market risks related to the exchange rates movements and changes in metal prices

Foreign exchange risk

Nexans assumes currency hedging related to its import and export related trade flows.

To counteract the effects of price fluctuations, Nexans Maroc negotiates its own currencies with the trading rooms and uses forward covering operations.

Risks related to metal prices

Although the prices of copper and aluminum are highly volatile, Nexans Maroc thinks that its gross operating margin is hardly exposed to these prices due to the combined effect of passing on the increase of non-ferrous metals prices on clients and the implementation by the Group of a forward coverage on the metals regulated markets (LME, COMEX and SHFE).

The margins of Nexans Maroc are however exposed to the fluctuations of the prices of copper for certain product lines such as copper cables under the cabling system activity and the building sector products. For these markets, there is generally a repercussion of these increases on the sale price, albeit with some timing differences, inducing some pressure on the margins. The strong competition on these markets can also impact on the time of said repercussion. It should also be noted that, as is the case with the exchange risk, the exposure to the movements in the price of copper and other metals is not systematically covered in the offers.

The price of a ton of copper has risen significantly over the period under review. It has increased threefold in a period of two years, reaching 10,050 \$/ton in February 2011 on the London Market. During Q3 and Q4 of 2011, the price of copper posted a sharp drop, standing at 7,000 \$/ton and reaching a year-end price of 8,000 \$/ton. Since the beginning of 2012, the price stabilized at about 8,500 \$/ton.

After substantial growth in 2009, the price of aluminum posted a short decline in the first half of 2010, ending on approximately 2,000 \$/ton in June.

The price resumed its bullish trend, reaching a maximum of 2,800 \$/ton in the first half of 2011. During the second half of 2011, the price of aluminum decreased and stood at 2,000 \$/ton, by year end. In Q1 of 2012, the price of a ton of aluminum increased again and passes the 2, 200\$ bar

8. Risks related to environmental regulations

Like all industrial companies, Nexans Maroc is subject to increasingly stringent environmental legislations and regulations, relating more particularly to airborne emissions, disposal of waste waters, emission, use and handling of toxic materials and wastes, waste disposal methods ... These standards expose Nexans Maroc to the risk of third-party liability. Nevertheless, the Company considers that this is a very limited risk and hence no provision has been made for risks and charges in that respect.

Moreover, Groupe Nexans has signed the United Nations Global Compact in December 2008. By joining this initiative, the Group has made a commitment to support and implement ten fundamental principles in the areas of Human rights, labor standards, protection of the environment, and anti-corruption measures.

9. Hedging of risk exposures

In addition to the compulsory local insurance and personal insurance schemes, Nexans Maroc has benefitted from a Group insurance program, initiated in 2003.

The overall coverage of this program hasn't changed much during FY 2011 compared to the year before, and has received renewal of coverage at the same level on January 2011.

The Group insurance programs are mainly as follows:

- ▶ Property damage / operating loss insurance policy
- ▶ Business liability insurance and post-delivery insurance;
- ▶ Transport insurance ;
- ▶ Short-term credit covering certain client receivables, for both domestic and export-oriented activities;
- ▶ D&O (Directors & Officers) civil liability insurance.

Warning

The above information only represents a part of the Information Note approved by the *Conseil Déontologique des Valeurs Mobilières* (CDVM) under the reference n° VI/EM/026/2012 on 23/07/2012

The CDVM recommends the reading of the entire Information Note made available to the interested parties in French.